



Copyright 1914 by The American Bankers Association.

SUBSCRIPTION ONE DOLLAR A YEAR.

Entered as second-class matter, May 5, 1909, at the Post Office at New York, N. Y., under the Act of March 3, 1879.

FRED. E. FARNSWORTH, PUBLISHER,  
General Secretary American Bankers Association.

THOMAS B. PATON, EDITOR,  
General Counsel American Bankers Association.

W. W. WAINE, ASSOCIATE EDITOR.

VOL. 6

FEBRUARY, 1914

No. 8

OFFICERS AMERICAN BANKERS ASSOCIATION, 1913-1914.

PRESIDENT:  
ARTHUR REYNOLDS, Pres. Des Moines National Bank,  
Des Moines, Ia.

FIRST VICE-PRESIDENT:  
WM. A. LAW, First Vice-Pres. First National Bank, Phila-  
delphia, Pa.

GENERAL SECRETARY:  
FRED. E. FARNSWORTH, 5 Nassau Street, New York City.

TREASURER:  
J. W. HOOPES, Vice-Pres. & Cashier City National Bank,  
Galveston, Texas.

ASSISTANT SECRETARY:  
WM. G. FITZWILSON, 5 Nassau Street, New York City.  
GENERAL COUNSEL:  
THOMAS B. PATON, 5 Nassau Street, New York City.

MANAGER PROTECTIVE DEPARTMENT:  
L. W. GAMMON, 5 Nassau Street, New York City.

IMPROVEMENT IN COMMERCIAL PAPER LAWS.

WITH the inauguration of a new system of banking by the establishment of Federal reserve banks which will afford facilities to the trade and commerce of the country by issuing notes, based on paper rediscounted for other banks, it may not be amiss to note, as compared with a decade ago, the vastly improved condition of the laws which affect the validity and adequacy of security of various classes of paper which will constitute the basis for advances under the new system. The great reform and progress in this direction has been accomplished largely under the auspices of the American Bankers Association through its Law Committee and under the guidance and active efforts of its General Counsel. Ten years ago, the law governing bills, notes and checks was in uncoded form and in a conflicting and uncertain condition in a majority of the States and dealings with supposedly negotiable paper were frequently attended with loss when its character was otherwise determined. The Uniform Negotiable Instruments Act, the first creation of the Commission on Uniform State Laws, had then been enacted in but twenty-three States. Special efforts were directed toward the passage of this Act which defines with precision what constitutes negotiable paper and makes clear and certain the rights and duties of the parties dealing therein, and as a result this Act is now the law in

forty-six States and jurisdictions so that there is substantial uniformity throughout the United States in the important rules governing bills, notes and checks which might not be inaptly termed the commercial paper currency of the country.

Ten years ago the laws governing bills of lading were in a very unsatisfactory condition, and there was no uniformity in the document itself. To-day, we have a Uniform bill of lading quite generally used throughout the country and the Uniform Bills of Lading Act which was not completed until 1909 has already been passed in twelve States. The Order bill of lading is the document upon which advances are made to the extent of hundreds of millions of dollars yearly in connection with the movement of the crops and products of the country and the marked progress which has been made both in the improvement of the document itself and the laws governing it greatly enhances its value as a bankable security. Likewise the enactment of the Uniform Warehouse Receipts Act has been procured in the last seven years in thirty States and the rights of holders of this document which constitutes so large a basis for banking advances have been made more definite and certain.

In addition to the above Uniform Commercial Acts, so-called, all of which are creations of the Commissioners on Uniform State Laws and the enactment of which has been actively promoted

under the auspices of the American Bankers Association and in co-operation with other interests, a number of special enactments having for their object the throwing of needed safeguards around banking transactions and affording greater protection against crime, have been drafted on behalf of the Association by its General Counsel and have been enacted in a large number of States. For example, a law to punish the making and use of false statements for credit has been already passed in nineteen States. Under this law many commercial frauds upon banks are now punishable which formerly did not come within the reach of the criminal laws. Again the statute to punish derogatory statements affecting banks likewise drafted for the Association has already been passed in fifteen States. Slander is not a crime at common law and yet serious injury is often inflicted upon banks by slanderous utterances of irresponsible persons reflecting upon their solvency. Under this statute all such offenders are punishable as well as those who libel banks by the publication of written defamation. Space will not be taken to do more than name the titles of other proposed acts drafted on behalf of the Association which have found enactment in a large number of States. These are: An act to punish the giving of checks or drafts without funds; an act defining the crime of burglary with explosives; an act defining the liability for payment of forged or raised checks; an act authorizing the payment of deposits in two names; an act authorizing the payment of deposits in trust, and an act defining the competency of notaries of banks and other corporations. All told, upward of two hundred measures either fathered or sponsored by the American Bankers Association have been enacted in the various States during the last ten years, the net result of which has been to largely increase the safety of banking transactions and the value of the securities which form a basis for bank advances.

#### THE ANNUAL PROCEEDINGS.

THE Year Book of the American Bankers Association which embodies the full proceedings of the 39th Annual Convention at Boston; the proceedings of Clearing House, Savings Bank, Trust Company and State Secretaries Sections—is now being expressed to the entire membership of the Association.

This book, like its predecessors, is complete in every particular, as perfect typographically as can be made, printed on fine paper, handsomely bound in three-quarter morocco, contains portraits of the Officers of the Association, the Presidents and Secretaries of the Sections, and a complete list of members; opposite the name of each is the transit number of the bank, which will be found useful in using the telegraphic code. The volume comprises 824 pages.

Inasmuch as the Boston Convention was the most important and successful ever held by the Association—Banking and Currency legislation and the Agricultural movement receiving a large measure of the attention of the Convention—this edition will be an unusually interesting one.

To compile and print a book of this nature requires time, and to hasten the work would sacrifice the volume in detail. The publication and arranging of the proceedings has been in the hands of W. W. Waite, Associate Editor of the JOURNAL-BULLETIN and to him the credit is largely due for issuing so comprehensive, complete and perfect a year book.

F.

#### RESERVE BANKS.

THE Reserve Bank Organization Committee (provided for under the Federal Reserve Act), consisting of Secretary of the Treasury McAdoo, Secretary of Agriculture Houston and Comptroller of the Currency Williams, are now holding hearings in various parts of the United States for the purpose of getting information from different sections of the country, as to the most desirable locations for such a number of Regional Banks as may be organized under the Act—from eight to twelve.

After these hearings have ended, the Committee will doubtless reach their decision—based upon the logical points of the country and the territory contiguous to metropolitan cities to which flow the volume of business.

The first hearings were held in New York City on January 5th, 6th and 7th. The impression prevails generally that a Regional Bank will be established in New York City, which is the logical point for the largest bank in the system—the only question being its size and the territory it shall comprise.

Following the sessions in New York were hearings in Boston, and New England turned out generally, recommending that Boston be given a Regional Bank to take care of New England—the only doubt being whether that portion of Connecticut west of the Connecticut River should be attached to Boston or New York.

The seaboard cities discussed (other than New York and Boston) comprise Philadelphia, Baltimore, Washington, Richmond and Atlanta. Among the middle-western cities which are being considered are Pittsburgh, Cleveland, Cincinnati, Memphis and Birmingham.

The hearings held in Chicago brought out a large number of bankers from the northwest, southwest and middlewest, who recommended in the strongest terms a Regional Bank for Chicago, which no doubt that city will secure.

Next in importance after Chicago would come St. Louis and New Orleans, with a Regional bank on the Pacific Coast at San Francisco, Seattle or Los Angeles. For the Western-Pacific States, Kansas City, Omaha and Denver are in the field.

There are numerous other cities that have been suggested through the ambition of their bankers and business organizations; but, as the law provides that there shall be no less than eight nor more than twelve, the final decision will of necessity place the Regional Banks in the territories that will insure sufficient capital and final success.

The Reserve Bank Organization Committee will, after its hearings on the Pacific Coast, return to Washington, making several stops en route; and statistics which are being prepared by the Government will no doubt enable the Committee to reach a decision which should be satisfactory to all concerned.

#### INSURANCE COMMITTEE.

THE Insurance Committee of the American Bankers Association held a session in the General Offices of the Association, 5 Nassau Street, New York City on February 2d, 3d and 4th.

The Committee Meeting was called for the purpose of thoroughly going over the Fidelity Bond and Burglary Policies of the Association and for full consideration of all work appertaining to the Insurance Committee, etc.

The entire Committee were present as follows: Oliver J. Sands, President American National Bank, Richmond, Va., Chairman; H. P. Beckwith, Vice-President Northern Savings Bank, Fargo, N. D.; H. G. Parker, President National Bank of New Jersey, New Brunswick, N. J., with B. A. Ruffin, Richmond, Va., Secretary to the Committee. The Committee Sessions were also attended by General Counsel Thomas B. Paton and General Secretary Farnsworth.

The Committee believes that much good will be effected by the thorough work which it has undertaken in the interest of all members of the Association using the copyrighted form of bond or burglary policy.

F.

# THE AMERICAN BANKERS ASSOCIATION'S MONEY ORDERS.

THE attention of the members of the American Bankers Association is called to the Association's Form of Domestic Money Order as issued and guaranteed by the American Surety Company of New York.

Mr. A. B. Hepburn, of the Chase National Bank of New York, was Chairman of the Committee appointed by the Association to devise means to regain the large volume of business that had passed out of the hands of the bankers and was bringing in a handsome revenue to the United States and the Express Companies. Their examination of the report of the Money Order Department showed that during the year ended June 30, 1903 four hundred million dollars were transferred by means of Post Office Money Orders, the fees derived from this source alone amounting to over three million dollars, while the profits accruing to the Express Companies from the sale of their money orders cannot be estimated with any degree of accuracy.

The present system of Guaranteed Money Orders was adopted by the American Bankers Association upon the recommendation of the Committee, who had given the entire matter careful consideration, and the orders are already on sale by a large number of banks throughout the United States.

They are printed upon bankers safety paper, are numbered to suit the subscriber, and upon the face is imprinted the names of the drawer and drawee banks; two stubs are provided, one to be used as a receipt and handed to the purchaser and the other to be retained by the bank as a matter of record. The payment of these orders is guaranteed by the American Surety Company of New York, and, while some banks may be even stronger financially than the American Surety Company, some on the other hand are not strong enough to have their paper cashed by institutions of like character, and in order to place all of these institutions on the same footing as the larger ones enjoy and to assure the purchaser of money orders absolute security the guaranty becomes a necessity.

It is not the intention to interfere in any way with the regular sale of exchange, but rather to attract to the banks a new line of business that has previously been monopolized by the Post Office and Express Companies by placing them in a position to sell either drafts or money orders as required. The public understands the money order system and the name conveys a clearer impression to the average mind than the terms, bank draft or bill of exchange.

The cost of these orders to the bank is hardly worthy of consideration, as they are lithographed in large lots and supplied at prices that compare favorably with the cost of the bank draft in general use, no added charge being made for the guarantee of the Surety Company. All advertising matter incidental to the business is furnished free of charge.

Several of the large New York City banks have adopted the sale of these orders, among which will be found the Chase National Bank and the Irving National Bank. The former institution has ordered and disposed of as many as thirty thousand blanks, while the latter has ordered and disposed of as many as forty thousand blanks.

Many of the banks have established selling agencies, to dispose of these orders for them. The services of reliable druggists, cigar stores, hotels, etc., are enlisted to dispose of these orders before and after banking hours. Not only does this afford the bank an excellent opportunity to compete with the Post Office and Express Companies for this class of business, but it advertises the bank to a large extent. One bank in Indiana has established over 100 selling agencies and is ordering the blanks from the Surety Company at the rate of fifteen to twenty thousand quarterly. Several banks in other States are following suit.

The American Bankers Association urges every member to give the plan a trial. For further particulars as to prices, etc., communicate with the

American Surety Company of New York, 100 Broadway, New York City.

It has been found that many of the banks are confusing the American Bankers Association Domestic Money Order plan handled by the American Surety Company of New York, with the American Bankers Association Travellers Checks as issued by the Bankers Trust Company of New York. In considering the matter, the difference between a Travellers Check and a Money Order should be distinctly borne in mind. The travellers check is sold to persons who intend to travel in parts of their own country or in foreign countries. Money Orders on the other hand are sold to parties who desire to make remittance.

## MONEY ORDERS ISSUED WITHOUT AUTHORITY.

THE American Surety Company of New York, which has charge of issuing the American Bankers Association form of Domestic Money Orders, has called to the attention of the Association the fact that two or three of its members have been issuing their own form of money order bearing the words "AMERICAN BANKERS ASSOCIATION FORM." On investigation of the matter, it was found that the members in question were of the opinion that as a member of the American Bankers Association they had a right to use the Association's name on these forms. It is the wish of the Association that this practice should at once be discontinued, no such privilege having ever been granted to any member.

The American Surety Company of New York is under contract with the American Bankers Association to issue and guarantee these orders. Any member desiring to use the Association's form of Domestic Money Order is respectfully requested to take the matter up with the American Surety Company of New York, 100 Broadway, New York City.

If any of the members of the American Bankers Association should come in contact with a domestic money order marked American Bankers Association Form, which does not have lithographed thereon, the guarantee of the Surety Company, the Association would appreciate it if the member holding such an order would communicate with the Protective Department of the Association before making payment thereon.

## SPRING MEETING OF THE EXECUTIVE COUNCIL.

THE Administrative Committee, to which was referred by the Executive Council the matter of selection of time and place for the Spring Meeting of that body, has selected The Homestead Hotel, Hot Springs, Va., and the date of April 30th and May 1st and 2d.

The Executive Council met at Hot Springs in 1907; many improvements have been made since that time and the Homestead Hotel has been enlarged. It is considered a most delightful place at that season of the year.

## PRESIDENT REYNOLDS.

ARTHUR REYNOLDS, President of the American Bankers Association, as has been his custom for many years, is now taking his winter vacation in Pasadena, California.

Mr. Reynolds left for the West on January 18th, somewhat earlier than usual, and will probably shorten very materially his vacation this year.

## OFFICIAL BADGES.

THERE are a few of the Official Badges left over from the Boston Convention, which will be sent to such of our members who would like them, on request in writing to the General Secretary. These will be sent out in the order in which applications are received until the supply is exhausted.

## OUR TRAVELERS' CHEQUES.

THE Association's system of Travelers' Cheques continues to grow and prosper. During 1912 and 1913 nearly 2,300 banks were added to the list of those issuing the cheques. New applications for the privilege of selling the cheques are being received continually by the Bankers Trust Company, trustee. Many banks when applying, state that they do so because of the frequent calls for Association checks which they have had at their office. This demand is traceable to the loyal work of many bankers who use every opportunity to recommend the checks to customers, to the unqualified satisfaction of persons who have used the cheques and who therefore gladly recommend them to others, and to the extensive National and local advertising which has been done continuously ever since the system was inaugurated.

To December 31, 1913, there had been redeemed at the travelers' check department of the trustee cheques totaling \$62,422,330. There had been handled in cheques redeemed and cheques sent to banks, a total of 5,947,375 separate items.

Nearly 97,000 persons purchased Association travelers' cheques during 1913, and this means when one considers how whole families are supplied with travelling funds by one purchaser, that the protection and convenience afforded by these cheques were enjoyed by several hundred thousand tourists.

There was a gratifying increase in the sale of the cheques during 1913, a gain of 33½ per cent. over the sales in 1912. Inquiry has revealed that the banks which enjoyed the largest increase of sales were those which advertised the cheques locally and thus connected with the big National publicity campaign.

Another evidence of the success which the banks are having in the sale of Association cheques is the fact that nearly 10,000 re-orders for supplies of cheques have been filled by the Trust Company.

New and interesting advertising matter has been prepared and is ready to be supplied to banks selling the cheques. A complete illustrated catalogue of the advertising supplies is now being distributed, and any member bank of the Association which has not received a copy should write for one to the Bankers Trust Company, New York.

## PAMPHLETS FOR MEMBERS OF SAVINGS BANK SECTION.

A NEW edition of our pamphlet "How to Operate a School Savings Bank," containing five methods, together with laws of various States relating to school savings banks, has just been received; also a new edition of the pamphlet "Absolute Identification," treating of the finger-print method.

We have also a small number of the following pamphlets: "The Ethics of the Savings Bank," by Wm. E. Knox, Comptroller Bowery Savings Bank, New York; "European Land and Rural Credit Facilities," by Edwin Chamberlain, Vice-President San Antonio Loan & Trust Co., San Antonio, Texas.

Any or all of these pamphlets may be had upon application to E. G. McWilliam, Secretary Savings Bank Section, 5 Nassau Stret, New York.

## NEW PAMPHLETS FOR DISTRIBUTION.

TWO new pamphlets are available upon request from the Library. They are "The Legal Status of the Clearing House," by Carl Meyer, and "Safeguarding Commercial Paper," by Ralph Van Vechten, Vice-President of the Continental and Commercial National Bank, Chicago.

## NEW CIPHER CODE.

REFERENCE has heretofore been made in the JOURNAL-BULLETIN concerning the new Telegraphic Cipher Code to be issued to all members of the Association.

Our members are now advised that this Code should be ready for distribution about the middle of March.

The reason why the Code is not in the hands of members at the present time is due to the fact that in preparing a Code adequate in scope for practical banking needs, much care is necessary, and considerable time is therefore required in the preparation of a Code of this character.

The Committee which was appointed for the purpose of preparing the new Code to be distributed to the membership of the Association consists of Mr. James M. Donald, Hanover National Bank, New York City; Mr. John R. Washburn, Continental & Commercial National Bank, Chicago, Ill.; Mr. A. H. Titus, National City Bank, New York City; and Mr. A. C. Andrews, Assistant Cashier of the Chase National Bank, New York City.

The Code will contain 10,000 ciphers in dictionary words; will have about 250 pages, and show many improvements over other editions—it being thoroughly up-to-date.

We cannot too strongly urge that all members make use of our Code. They are enabled to secure secrecy and safety in the transmission of their telegrams, and through the use of ciphers a considerable sum of money will be saved each year.

The Code of this Association has been extensively used, and its value highly appreciated by a large proportion of our membership. Some of the smaller banks in the country, however, frequently telegraph to their correspondents in plain English as well as to strange banks requesting that payments of various sums of money be made. Our Code should always be used in such cases, for banks do not desire to pay out funds on open telegrams.

While we regret that it has not been possible to have the Code in the hands of members earlier, we feel that they will be fully repaid for any seeming delay in the matter by having a Code in their possession which will be a credit to the Association and beneficial to its membership.

Members will be notified by a special letter at the time the new Code will go out, as to when the Code will become operative.

W. G. F.

## OKLAHOMA BANKERS' ASSOCIATION.

THE Executive Committee of the Oklahoma Bankers' Association, at a meeting held last month, selected Oklahoma City as the place for the next convention.

The committee also decided to transfer Secretary Harrison's office from Enid to Oklahoma City on account of the latter being more centrally located. Mr. Harrison opened his new office in the Colcord Building on February 2d.

## ILLINOIS BANKERS' ASSOCIATION.

It is contemplated holding this years' convention on board a lake steamer.

## GEORGIA BANKERS' ASSOCIATION.

THE Executive Council of the Association has selected May 7th, 8th and 9th as the date for the annual convention which will be held in Atlanta.

Group meetings will be held as follows: Group 1, at Brunswick, April 22d; Group 5, at Macon, April 23d; Group 2, at Thomson, April 24th; Group 3, at Atlanta, April 25th, and Group 4, at Columbus, April 27th.



# TRUST COMPANY SECTION



OFFICERS, 1913-1914.

**PRESIDENT:**  
F. H. GOFF, President Cleveland Trust Co., Cleveland, Ohio.

**FIRST VICE-PRESIDENT:**  
RALPH W. CUTLER, President Hartford Trust Co., Hartford, Conn.

**CHAIRMAN EXECUTIVE COMMITTEE:**  
JOHN H. MASON, Vice-Pres. Commercial Trust Co., Philadelphia, Pa.

**SECRETARY:**  
PHILIP S. BABCOCK, 5 Nassau Street, New York City.

**T**HROUGH the initiative of Mr. F. H. Goff, President of the Trust Company Section, there has lately been established in the City of Cleveland, Ohio, what is called

## THE CLEVELAND FOUNDATION.

### A Community Trust.

This new idea for the conservation of wealth and for the efficient utilization of the proceeds of wealth has so much of interest to trust company officers in every part of the country and to all who are interested in the upbuilding of their respective communities that it has seemed most desirable to give the plan wide publicity through the columns of the JOURNAL-BULLETIN.

### Introduction.

The Cleveland Foundation is a Community Trust. It is a new idea for the conservation of wealth and for the efficient utilization of the proceeds of wealth. It offers advantages to all who desire to make bequests for educational and charitable purposes, and especially to the following:

1. Possessors of wealth, who have no direct heirs.
2. Possessors of wealth, who, after providing for children and relatives, have a surplus to dispose of.
3. Possessors of wealth, who, after caring for the children and relatives out of income, desire to have the principal used for the good of mankind.

Nothing is more erroneous than the popular opinion that in order to be benevolent one has to be a millionaire.

While it is true that educational and charitable needs are always greater than the means of supplying them, it is also true that many donations are withheld because they are either deemed insignificant, or it is impossible or inconvenient to place the funds under such control as will meet the wishes of the donor.

It is the average sized fortune—the fortune that represents the accumulations of the fairly successful life—that is frequently available, in whole or in part, for broad charitable purposes, and which is often diverted into unchosen channels through insecure trusteeships, temporary administrations, or unwise bequests.

To receive and to safeguard donations in trust under supervisions and regulations imposed by state legislation; to employ the principal or income, or both, for educational and charitable purposes in a broader and more useful manner in future years than it is now possible to anticipate; to provide for specific needs stipulated by the donor; to insure the perpetuity of principal when that is desired; to lessen

preventable errors of judgment in the disposal of principal and income; to guard against unwise use of income and principal by beneficiaries; and by a union of available funds to promote the civic, moral and mental welfare of the people of Cleveland in the widest, wisest, most economical and most efficient manner—these are the aims of the Cleveland Foundation.

The funds are to be in charge of The Cleveland Trust Company, while the income, after it becomes available for the purposes of the Foundation, is to be expended by an impartial, non-sectarian, non-political committee, serving without compensation. No two members may be of the same religious denomination. The personnel changes by one member each year. It will be composed of residents of the City of Cleveland, men or women, who are informed concerning the educational, social, civic and charitable needs of the City of Cleveland.

The Cleveland Foundation gives a new significance to the ownership of wealth. Instead of diverting ownership, it perpetuates it, and at the same time guarantees proper custody, proper management, and proper use of income. It makes the accumulation of wealth respectable by insuring the usefulness of that wealth. It makes it honorable for a man to build up a fortune in the community, because it provides the means of the return of that fortune as a whole, or in part, for the permanent service of the community. It eliminates the stigma of selfishness that too often goes with the accumulation of money, by providing a means of bestowing some or all of it for the ultimate good of the community.

Bequests and gifts, large and small, are solicited from those who are in sympathy with the idea of a Community Trust, and who desire the assurance that their bequests for educational and charitable purposes will be permanently under the control of men of wide experience and sound judgment, and that the income, and, under certain conditions of a portion of the principal, will be available for the vital needs of the hour.

### Scope and Purpose of the Foundation.

Whether or not Mr. Carnegie is right in thinking that it is a disgrace to die rich, thoughtful people will agree that it is a disgrace for men or women possessed of property to die without having given serious consideration as to how they can dispose of it so as to accomplish the most good and do the least harm. The wisest disposition of necessity presents a problem for the solution of each individual and depends upon the varying circumstances of each case.

Many deem it imprudent to burden wives or daughters lacking experience in business affairs with the responsibility of managing property. They fear to make them the prey of the fortune hunter or the cunning and unscrupulous adventurer and promoter or the well-meaning but incompetent friend. They

are solicitous that the inheritance left them shall provide for their reasonable needs through life, that it shall not be consumed in ostentatious living nor lost through hazardous investments.

Thoughtful men believe it makes for the development of better manhood and womanhood to provide for their children in ways that will create ambition, stimulate thrift and effort, prevent speculation, extravagance and waste, make possible the exercise of some restraining influence should they become wayward and tempted to lead idle and useless lives, and last, but not least, to make it impossible, should they become financially involved, for their creditors or the creditors of their wives or husbands to make away with their inheritance.

Many parents are more concerned to secure a certainty of comforts for their children to the end of their days than to make possible their living lives of ease and luxury with the chance that they may be reduced to want and become dependents in old age. Parental instinct and affection compel us to afford our children every opportunity and advantage within the limit of our means which will make for useful and respected citizenship, but forbid bequeathing to those of immature years or unsettled habits property that may work their destruction, for wealth has power to make and to destroy.

A disposition of property affording the protection and safeguards indicated necessitates the employment of a trustee, and will often result in some portion or all of the principal being available for other uses after wife, children and grandchildren have been cared for.

It has been my ambition to find a way in which the Trust Companies of this country can be helpful in gathering up and making useful this residuum—this wealth that is left over and so often goes to waste.

Men of large wealth like Mr. Rockefeller and Mr. Altman, have created private foundations to administer a portion of their surplus for the benefit of mankind. People of limited means share with men of wealth the desire that the world may be better for their having lived. They often feel a deepening sense of regret as the shadows lengthen, that the effort to work their way up stream and to accumulate has too fully consumed their energies; that the struggle has been too much for self and family and too little for mankind. They would welcome finding a way in which the residuum of their estate, whether it be large or small, might be wisely used in helping to make better, stronger, purer men and women. Unable to determine what the needs of the future will be, when funds from their estate might be available for such use, and precluded because of the expense from making use of a privately owned foundation with its self-perpetuating Board of Trustees, their purpose can only be accomplished through a corporate trusteeship willing to serve all alike who are desirous of having such use made of their surplus wealth.

Confident that there are many who would welcome an opportunity of trusteeing the residuum of their estate to be used in furtherance of educational and social welfare work in this city, some months ago I recommended to the Board of Directors of The Cleveland Trust Company that by the adoption of a proper resolution definitely establishing the purposes, powers and duties, they authorize the acceptance of charitable trusts, large or small, created for the benefit of the inhabitants of the City of Cleveland, the individual trusts together to constitute a Community Trust to be known as THE CLEVELAND FOUNDATION. I am pleased to announce that after having given the matter careful consideration and after having taken the opinion of many interested in welfare work, the Directors of our company have adopted resolution authorizing the acceptance of such trusts.

F. H. GOFF.

## BOOKS FOR TRUST COMPANIES.

Two Volumes of Exceptional Interest.

THE Trust Company Section has on hand a number of handsomely bound copies of Proceedings of the Section. Volume I contains the proceedings from 1896 to 1903, inclusive, and Volume II the proceedings from 1904 to 1908, inclusive. These two volumes contain many important reports, addresses, and discussions on matters of great interest to trust company officers and their employees. It is confidently believed that in no other books could so wide a range of trust company information be obtained.

In the pages of these books will be found addresses and discussions covering such topics, among many others, as:

- Advertising for Trust Companies.
- Educational Publicity for Trust Companies.
- Bond Certification by Trust Companies.
- Charges and Fees.
- Defalcations—What Can be Done to Decrease Them.
- Employees—Practices in Interest of.
- Fiduciary Capacities—Superiority of the Trust Company in.
- Management of Real Estate by Trust Companies.
- Registrars and Transfer Agents.
- Safe Deposit Companies.
- Trustees of Corporate Mortgages.
- The Trust Company—a Necessity.
- Utility of the Country Trust Company.

A great many copies have been sold, but in order to make room for other matter, the remaining volumes, as long as they last, will be sold at seventy cents each, including postage. Orders should be sent to the Secretary, who will forward the books promptly.

These books would undoubtedly prove a fine advertising medium for companies to send to their depositors and correspondents, and the Executive Committee of the Section will be pleased to make a reduction in the above price to any member wishing lots of fifty or more to be used for the purpose indicated.

## BRANCH BANKS.

IT does not seem to be generally understood by our members that branch banks are eligible to membership in the Association. Branch banks do not and cannot receive membership benefits unless a regular membership is taken out. It is not practicable nor could the Association afford to give to branch banks, without charge, the full advantages of the protective feature and other facilities of the Association.

There are now over three hundred branch banks members of the Association. The dues for a branch bank are ten dollars, where the branch does not have separate capital. Branches with separate capital are charged on the same basis as parent banks, based on the amount of capital and surplus.

Branches joining the Association are given all the privileges of the Association. They are carried on the membership list as regular members, are furnished with the A. B. A. sign, which is a warning to criminals, and receive the full benefits of the protective department.



# SAVINGS BANK SECTION



OFFICERS, 1913-1914.

**PRESIDENT:**

J. F. SARTORI, President Security Trust & Savings Bank, Los Angeles, Cal.

**CHAIRMAN EXECUTIVE COMMITTEE:**

N. F. HAWLEY, Treasurer Farmers & Mechanics Savings Bank, Minneapolis, Minn.

**FIRST VICE-PRESIDENT:**

W. E. KNOX, Comptroller Bowery Savings Bank, New York City.

**SECRETARY:**

E. G. McWILLIAM, 5 Nassau Street, New York City.

## UNLIMITED DEPOSITS IN POSTAL SAVINGS BANKS THREATENED.

**H**OUSE BILL No. 7967 providing for unlimited deposits in Postal Savings Banks while limiting the amount upon which interest will be paid to \$1,000—has passed the House of Representatives, and a similar bill known as Senate Bill 2232 has been introduced in the Senate by Mr. Bankhead of Alabama and is now being considered by the Senate Committee on Post Offices and Post Roads, of which Mr. Bankhead is chairman and to which this Bill was referred.

The Postal Savings Bank Committee of the Savings Bank Section which was appointed by our Executive Committee at Boston and consists of E. L. Robinson, Vice-President of the Eutaw Savings Bank of Baltimore, Maryland; W. E. Knox, Comptroller of the Bowery Savings Bank, New York, and your Secretary visited Washington on January 22d and 23d in reference to the above legislation and interviewed Mr. Tumulty, Secretary to the President, Postmaster General Burleson, Third Assistant Postmaster General Dockery, Director of the Postal Savings System Keene, Senators Bankhead, Root, Burton and Randsdell, Representative Barnhart of Indiana and Mr. Beller, Secretary to Senator Owen. A copy of the following memorandum was placed in the hands of these gentlemen, also sent to members of the Senate Committee on Post Offices and Post Roads, and an acknowledgment of this memorandum signed by President Wilson has since been received.

"Memorandum concerning House Bill No. 7967 introduced by Mr. Moon and Senate Bill 2232 introduced by Mr. Bankhead amending the Postal Savings Act by permitting a person to deposit an unlimited amount at any time, interest not to be allowed on so much of the deposits of any person as exceeds \$1,000.

"As a committee representing the Savings Bank Section, American Bankers Association, we do not oppose increasing the amount upon which interest may be paid to \$1,000, but we see a grave menace in the provision of these bills permitting unlimited deposits in excess of \$1,000, even though no interest be paid thereon, for the following reasons:

"1. Under the terms of "The Federal Reserve Act" (Sec. 15, second par.) "No public funds of the Philippine Islands or of the Postal Savings or any Government funds shall be deposited in the Continental United States in any bank not belonging to the system established by this Act" . . .

"Accordingly mutual savings banks representing the savings of upwards of ten millions of people and amounting to four billions of dollars, could not qualify as depositories for Postal savings, as these banks have no capital stock and are operated as benevolent institutions. In times of financial stress timid depositors would almost certainly withdraw their money from these institutions and redeposit in the Postal Savings Bank for safe keeping, and the Government would be

powerless to aid by redistributing such funds among these institutions.

"Thus the mutual savings banks would be forced to call mortgage loans bringing hardship upon numerous home owners and to sell securities in a demoralized market, thereby aggravating an already serious situation.

"This argument also applies to many stock savings banks serving small communities and which might not be able to afford to enter the Federal Reserve System.

"2. It would at all times afford a refuge for dishonest debtors in evading their creditors, since funds in the Postal Savings Banks can not be garnished.

"3. The average savings account throughout the United States is approximately \$450—accounts being limited in most states having savings bank laws to from \$1,000 to \$3,000. Postal Savings Banks were organized to inculcate habits of thrift among people of small means and unfamiliar with banks. As organized they are accomplishing these ends. The removal of the limit upon deposits will violate the spirit in which the Postal Savings System was organized, will cause them to enter into competition for large deposits and compel the Government involuntarily to injure the great mutual savings system which is caring for billions of the people's money in small amounts without profit.

"Attached hereto is a copy of a resolution adopted by the Savings Banks Association of the State of New York.

Respectfully submitted,

(signed) Edward L. Robinson,  
Vice-President Eutaw Savings  
Bank of Baltimore.

(signed) W. E. Knox,  
Comptroller Bowery Savings Bank  
of New York.

(signed) E. G. McWilliam,  
Secretary Savings Bank Section  
American Bankers Association."

## "RESOLUTION ADOPTED BY THE SAVINGS BANKS ASSOCIATION OF THE STATE OF NEW YORK.

January 14, 1914.

"WHEREAS: Senate Bill No. 2232 which was introduced in the Senate of the United States by Mr. Bankhead on May 19, 1913, would amend the Postal Savings Act by providing for the increase in the amount upon which interest may be paid by Postal Savings Banks to one thousand dollars, and placing no limit upon amounts which may be deposited without interest; and

"WHEREAS: The Savings Banks Association of the State of New York is opposed to this Bill because it sees a grave menace in time of financial disturbance to all savings banks prohibited by law from

becoming members of the Federal Reserve Association, and therefore barred from participating in the deposits of Postal Savings funds by the Government, and because through the inability to garnishee or attach deposits with the Government, the provision permitting unlimited deposits with Postal Savings Banks would open a channel through which dishonest persons might be tempted to defraud their creditors; Therefore, be it

"RESOLVED: That this Association heartily endorses the stand taken by the Savings Bank Section of the American Bankers Association in opposition to this Bill, and that the officers of this Association are hereby authorized to co-operate according to their best judgment toward securing the defeat of the above mentioned Bill."

The Committee was courteously received by everyone upon whom they called and was greatly assisted by B. F. Saul, President of the Home Savings Bank of Washington, who gave generously of his time and thought to the matter in hand.

Apparently the only people absolutely committed to this Bill which is now in the Senate, are the officials of the Post Office Department at whose request the Bill was presented by Mr. Bankhead. These gentlemen feel that the objections to the Bill as stated in the above memorandum are groundless and that hundreds of thousands of dollars now in hiding will be directed into the channels of trade by its provisions; in support of which they quote letters from postmasters in various sections of the country stating that large sums are continually being offered to them for deposit which, under existing regulations must be refused.

Another important fact stated by Third Assistant Postmaster General Dockery in support of this Bill is that the Postal Savings System has operated up to this time at a great loss and it is necessary that it make some money or go out of business. Naturally, if a huge sum of money is received upon which no interest is paid to depositors and also upon which an income is derived from the banks qualified as depositories the desired result will be attained.

There are few savings bankers but who will admit that the Postal Savings System as operated at present is a distinct addition to the thrift agencies of the country and that it is performing a large service in educating foreigners and others distrustful of our institutions, to become savings depositors. Probably also the majority of savings bankers would have no objection to postal savings banks paying interest upon amounts up to \$1,000—and possibly accepting sums above that figure, up to a reasonable amount, upon which no interest would be paid. But certainly such amounts should be limited to at least conformity with conditions in states where there are savings bank laws, as, for instance, in Massachusetts and New York where the amount which may be received by savings banks is but \$1,000 and \$3,000, respectively.

Of course it is most desirable that the "hoarded millions" should be brought into circulation and that each department of the Government should operate at a profit; but in endeavoring to accomplish these ends it is wise to place the Government in active competition with all banks and run the risk of bringing about the conditions mentioned in the memorandum above, the possibilities of which were immediately recognized by some of those interviewed and which have been demonstrated as possible by the experience of large and strong banks in their relations with weaker banks during times of panic?

Selfish motives can not with justice be attributed to the opposition to this Bill, for while among those it might affect, are all banks not members of the Federal Reserve System, the banks which might be most directly affected are the mutual savings banks which operate entirely without profit to anyone but the depositors, and which, having no capital stock, are completely barred from membership in the Federal Reserve Association. The Savings Banks Association of the State of New York, representing savings of nearly two billions of dollars in small amounts deposited with mutual savings banks, is in hearty accord with the Savings Bank Section in this matter

as evidenced by the resolution attached to our memorandum, and no doubt arguments will readily present themselves why all banks and bankers should seek a modification of this proposed measure.

A second letter has been mailed to all members of the Savings Bank Section in reference to the above and it is hoped that all sharing in the sentiments here expressed will lose no time in addressing their Senators and members of the Senate Committee on Post Offices and Post Roads which is composed of the following gentlemen:

#### Senate Committee on Post Offices and Post Roads.

John H. Bankhead, of Alabama, Chairman; Ellison D. Smith, of South Carolina; Claude A. Swanson, of Virginia; Nathan P. Bryan, of Florida; James E. Martine, of New Jersey; Hoke Smith, of Georgia; Luke Lee, of Tennessee; William E. Chilton, of West Virginia; James K. Vardaman, of Mississippi; Boies Penrose, of Pennsylvania; William O. Bradley, of Kentucky; Joseph L. Bristow, of Kansas; Charles E. Townsend, of Michigan; Thomas B. Catron, of New Mexico; William Purnell Jackson, of Maryland; Le Baron B. Colt, of Rhode Island.

#### INTERLOCKING DIRECTORATES LEGISLATION WILL AFFECT ALL BANKS INCLUDING MUTUAL SAVINGS BANKS.

HOUSE BILL No. 11322, which has been introduced in the House of Representatives and referred to the Judiciary Committee of that body reads as follows:

##### "A Bill

"To regulate the holding of bank directorships, and for other purposes.

"Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the words "Federal reserve bank," "branch bank," and "member bank," as used in this Act shall be held to have the respective meanings which they have in the Federal Reserve Act, approved December twenty-third, nineteen hundred and thirteen.

"Sec. 2. That after the twenty-third day of December, nineteen hundred and fourteen, an officer or director of a Federal reserve bank, branch bank, national bank or banking association, or of any State bank, banking association, or trust company admitted to membership in a Federal reserve bank shall not be an officer or director of any other bank, banking association, or trust company, or of any other financial corporation, institution, or association engaged in the business of banking; nor shall he engage in the banking business individually or as a member of a firm or association engaged in such business; nor shall he be an officer or director of any other corporation, organization or association, the principal part of whose authorized or actual business is to buy, sell or hold the stock, bonds, securities or evidences of indebtedness of corporations, organizations or associations, or to finance the sale of such stock, bonds, securities or evidences of indebtedness, or to negotiate loans to corporations, organizations or associations; nor of any other corporation, organization or association owning stock of or an interest in a corporation, organization or association conducting principally such authorized or actual business.

"Sec. 3. That a director of class A of a Federal reserve bank may be an officer or a director or both an officer and a director of one member bank."

However, our best information upon the subject is to the effect that the report of the Judiciary Committee will not be made before March first, and that in the meantime hearings will be held upon this proposed legislation which will be based upon the following tentative bill, the text of which was first made public on January twenty-third.

"Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled.

"That from and after two years from the date of approval of this Act, no person who is engaged as an individual, or as a member of a partnership, or as a director or other officer of a corporation in the business, in whole or in part, of manufacturing or selling railroad cars or locomotives, or railroad rails, or structural steel, or mining, or selling coal, or the conduct of a bank or trust company, shall act as a director or other officer or employee of any railroad or other public service corporation which conducts an inter-State business.

"Sec. 2. That from and after two years from the date of approval of this Act no person shall at the same time be a director or other officer or employee in two or more Federal reserve banks, national banks, or banking associations, or other banks or trust companies, which are members of any reserve bank, and are operating under the provisions of the Act approved December 23, 1913, entitled 'An Act Providing for the Establishment of Federal Reserve Banks, to Furnish an Elastic Currency, to Afford Means of Re-discounting Commercial Paper, to Establish a More Effective Supervision of Banking in the United States, and for Other Purposes,' and a private banker and a person who is a director in any State bank or trust company, not operating under the provisions of the said Act, shall not be eligible to be a director in any bank or banking association or trust company operating under the provisions of the aforesaid Act.

"Sec. 3. That any person who shall violate Sec-

tion 1 or Section 2 hereof shall be guilty of a misdemeanor, and shall be punished by a fine of \$100 a day for each day of the continuance of such violation or by imprisonment for such period as the court may designate not exceeding one year, or both in the discretion of the court.

"Sec. 4. That if, after two years from the date of the approval of this Act, any two or more corporations, engaged in whole or in part in inter-State or foreign commerce, have a common director or directors, the fact of such common director or directors shall be conclusive evidence that there exists no real competition between such corporations; and if such corporations shall have been theretofore, or are, or shall have been, by virtue of their business and location of operation, natural competitors, such elimination of competition thus conclusively presumed shall constitute a combination between the said corporations in restraint of inter-State or foreign commerce under the provisions of and subject to all the remedies and penalties provided in an Act approved July 2, 1890, entitled 'An Act to Protect Trade and Commerce Against Unlawful Restraints and Monopolies.'"

All communications in reference to the above legislation should be addressed to our General Counsel, Thomas B. Paton, representing the Federal Legislative Committee of the American Bankers Association, which it is expected will hold a meeting in the near future to consider this and other Federal Legislation affecting our membership as a whole.

#### A. B. A. MORTUARY RECORD REPORTED DURING JANUARY.

Amend, Robert T.—Vice-President German Exchange Bank, New York City.  
 Baake, Charles A.—Director Egg Harbor Commercial Bank, Egg Harbor, N. J.  
 Butterick, Frederick A.—President City Institution for Savings, Lowell, Mass.  
 Carrell, Eugene—Director American Trust Company, Morristown, N. J.  
 Cowles, John W.—Assistant Cashier First National Bank, Terrell, Texas.  
 Dalzell, William C.—Director Mahaiwe National Bank, Great Barrington, Mass.  
 Day, Frank A.—Director Newton Trust Company, Newton, Mass.  
 Ehrman, Solomon—Director Bank of Centerville, Centerville, Cal.  
 Fouse, Levi Garner—Director Third National Bank and Central Trust & Savings Company, Philadelphia, Pa.  
 Graves, Henry C.—Director City National Bank, Dayton, Ohio.  
 Gillett, Ralph D.—Director Springfield National Bank, Springfield, Mass.  
 Hall, Louis D.—Cashier Bank of Lassen County, Susanville, Cal.  
 Higgins, Freeman—Director First National Bank, Manchester, N. H.  
 Humphrey, A. O.—Director Chittenden County Trust Company, Burlington, Vt.  
 Jones, Louis—Director First National Bank, Santa Barbara, Cal.  
 Keller, Edwin—Director Allentown National Bank, Allentown, Pa.  
 Krakauer, Adolph—Director First National Bank and Rio Grande Valley Bank & Trust Company, El Paso, Texas.  
 McCallen, Andrew—President First National Bank, Ashland, Oregon.  
 Maddock, Harry Smith—Director Mechanics National Bank, Trenton, N. J.  
 Matthews, Leslie—Cashier Security State Bank, Benson, Minn.  
 Mead, Whitman S.—Trustee Greenwich Trust Company, Greenwich, Conn.  
 Montague, Giles R.—Director National Bank of La Crosse, La Crosse, Wis.  
 Morse, Dana H.—Director Randolph National Bank, Randolph, Vt.  
 Myers, John G., President Millerstown Deposit Bank, Chicora, Pa.  
 Pantall, John R.—Vice-President The County National Bank, Punxsutawney, Pa.  
 Phillips, Thomas P.—President First National Bank, Naperville, Ill.  
 Schumann, John H.—President German Savings Bank and Director Citizens Trust Company, Brooklyn, N. Y.  
 Stokes, Henry B.—Vice-President Manhattan Savings Institution and Director Citizens Central National Bank, New York City.  
 Wagner, General Louis—President Third National Bank, Philadelphia, Pa.



# CLEARING HOUSE SECTION



OFFICERS, 1913-1914.

**PRESIDENT:**  
JOHN K. OTTLEY, Vice-President Fourth National Bank,  
Atlanta, Ga.

**VICE-PRESIDENT:**  
A. O. WILSON, Vice-President State National Bank, St.  
Louis, Mo.

**CHAIRMAN EXECUTIVE COMMITTEE:**  
J. D. AYRES, Vice-President The Bank of Pittsburgh, N. A.,  
Pittsburgh, Pa.

**SECRETARY:**  
O. HOWARD WOLFE, 5 Nassau Street, New York City.

## CLEARING HOUSE EXAMINATIONS AND THE FEDERAL RESERVE ACT.

**I**N Section 21 of the Federal Reserve Act, it is stated:

No bank shall be subject to any visitatorial powers other than such as are authorized by law, or vested in the courts of justice or such as shall be or shall have been exercised or directed by Congress, or by either House thereof or by any committee of Congress or of either House duly authorized.

This clause has given rise to much comment in the financial press, and the consensus of opinion seems to be that this paragraph is aimed particularly at Clearing House Examinations. This is a mistaken conclusion. As a matter of fact, almost the identical paragraph appears in the National Bank Act as amended in 1864, so that it can be readily seen that it is not the intent of the Federal Reserve Act to discriminate against clearing house examiners.

We have had access to letters on this important subject, which have been written by several authorities and we quote several extracts which will be illuminating:

"I have already advised you of our belief that we were quite within our rights in going ahead with the examinations. However, to make the matter doubly sure I have addressed a letter to our Clearing House Committee, a copy of which is hereto appended. The members of the committee agree with me that special action in all probability would not be necessary, as we already have the consent of the various banks, but that at this time it would be the part of prudence at least to have the Board of Directors of each bank pass a resolution consenting to a continuation of the examinations. This I understand will be done in the near future, and I am advising you, thinking it may be of some interest."

"On our executive committee is a man who was regarded as one of our ablest corporation lawyers. I took your letter to him and he dissected the two clauses, his conclusions being that there is nothing in Section 21 that was ever intended to prohibit clearing house examinations. In Section 22, in his opinion, in the language 'No examiner, public or private,' a private or clearing house examiner is distinctly recognized, yet as he says, anyone in authority can construe the section as he sees fit, consequently he recommends that whenever any of the banks under examination becomes members of the Federal Reserve Association, a resolution of the Board of Directors of each bank be obtained requesting that their banks be included in those under examination by the Clearing House Association. He suggests that this be done in addition to the permission which would also have to be obtained regarding permission to disclose the names of borrowers."

"We have felt secure in that we believe every bank has a perfect right to employ any sort of pri-

vate audit that seems best to them, whether it be by a certified public accountant or a special examiner.

"When the banks decide that the special examiner is a failure his work will cease, but so long as they are receiving, what they regard as a good return on the investment, it does not seem to me that any legislation can prevent such work from being done."

"My personal opinion is that the board will be composed of men that will not interfere with the best system of examination that has yet been devised."

"With respect to the paragraph or clause to which you refer as giving some of the Clearing House Association concern lest it may interfere with the operation of their departments of examination, I personally, sometime ago stopped and read carefully and considered this clause and concluded that it would be in effect, so far as the Clearing Houses are concerned, practically the same as paragraph No. 129, Section 5341, of the National Bank Act, which reads as follows: 'No association shall be subject to any visitatorial powers other than such as are authorized by this title or are vested in the courts of justice.'

"My understanding is that while the banks are not subject to any other visitatorial powers, they may voluntarily submit to the same if it is so desired."

"The banks in a Clearing House are not 'subject to any visitatorial powers,' even though they are examined by clearing house examiners, for the reason that the examiner is acting as the agent of the bank, chosen voluntarily by it, who does the work for the benefit of it as an individual corporation, and also for the benefit of it as a member of the Clearing House Association."

## TOTAL BANK TRANSACTIONS.

**W**E are in receipt of a letter from Professor Irving Fisher, of Yale, who is the acknowledged authority on the purchasing power of money, commending the Clearing House Section for the efforts we are making to secure Total Bank Transactions, represented by checks and drafts against deposit liabilities. Professor Fisher calls our attention to the amount of labor which he has been put to secure statistics of checks used, and although his figures are based on very meager data he informs us that his conclusions agree very well with our own. In concluding he states: "If you can get the banks of the country to report these statistics regularly, you will confer a boon on many, including statisticians as well as the bankers and the business public."

A banker in one of the cities regularly reporting these figures to us writes the following letter:

"The bank transactions of the \_\_\_\_\_ National Bank for the week ending January 9, 1913, of six

days, were \$3,644,393. The transactions of the ——— National Bank for the week ending January 8, 1914, of five days, are \$3,737,956.

"There is no question in my mind but what the bank transaction figures should be used by every bank in the country, and we are now able, after the first year's figures, to make comparisons weekly that will indicate to us better than any other method the actual increase or decrease in business. The bank transaction figures are invaluable for purposes of comparison."

Both these letters came to us unsolicited, and we have received many similar communications, both verbal and written from those who appreciate the value of reliable and complete statistics.

It is very likely that the report required from National bank members of the Federal Reserve System will include the amount of deposits subject to check and total debits against such deposits over a certain period.

We have frequently called attention in these columns to the fact that clearings naturally decrease following a consolidation of banks. The most recent example of this fact is the City of New Orleans, whose clearings were less in 1913 than in 1912, due largely to consolidations. A year ago we began to collect from our members Total Bank Transactions and we have from time to time pointed out interesting and valuable information which we have been able to get together, as, for example, the fact that the average percentage of checks passing through the exchanges is 40 per cent. of the whole; that clearings and transactions do not fall and rise uniformly; that transactions are more sensitive to business fluctuations than are clearings, and many other minor matters of interest. In next month's JOURNAL—

BULLETIN we hope to publish some actual figures of the new statistics, using last year's results for purposes of comparison.

#### KEY TO THE NUMERICAL SYSTEM.

**A**N arrangement has been made whereby it will be possible hereafter to use the Numerical System in connection with bank names in sending code telegrams. A bank name which may require, under present methods, from three to seven words, can be sent under the combination Code-Numerical System method in two words. A Key to the System, containing both an alphabetical and a numerical list of every bank in the United States, can be secured from the Clearing House Section for \$1.50 per copy.

#### THE BOOK OF FORMS FOR NATIONAL AND STATE BANKS.

**W**E are still able to supply copies of this book to members of the American Bankers Association at \$5 per copy. The underlying principles of bank accounting are well illustrated in the forms shown in this book and enough text has been added to explain the fundamentals of an efficient accounting system. Subscribers to the book will be entitled to receive, free of charge, additional forms as changes in banking practices may occasion. As soon as the new system of banking becomes well established and incidental forms are evolved, we propose to send new forms to all purchasers of the book. Send remittances in New York funds to the Clearing House Section, American Bankers Association, Five Nassau Street, New York City.

#### REGISTRATION AT OFFICES.

**T**HE following visitors registered at the Association offices during the month of January:

Armfield, J. L., President Bank of Thomasville, Thomasville, N. C.

Barlow, C. C., Vice-President and Cashier The Yale National Bank, New Haven, Conn.

Biddinger, Guy B., Asst. General Manager, The William J. Burns International Detective Agency, New York City.

Bray, C. A., President Home Savings Bank, Greensboro, N. C.

Burnett, K. R., Cashier Pine Brook Bank, Scranton, Pa.

Burns, William J., President The William J. Burns International Detective Agency, New York City.

Cutler, Ralph W., President Hartford Trust Company, Hartford, Conn.

Dinkins, Lynn H., President Interstate Trust Company, New Orleans, La.

Dow, C. W., President National Chautauqua County Bank, Jamestown, N. Y.

Dunham, C. R., Citizens Central National Bank, New York City.

Dunning, D. M., President Auburn Savings Bank, Auburn, N. Y.

Fancher, E. R., Vice-President Union National Bank, Cleveland, Ohio.

Grape, M. H., Vice-President The Continental Trust Company, Baltimore, Md.

Haass, Julius H., President Wayne County and Home Savings Bank, Detroit, Mich.

Haines, I. Snowden, Cashier Mechanics National Bank, Burlington, N. J.

Hays, H. F., Jr., Vice-President National State Bank, Newark, N. J.

Hazzard, William, Cashier Commercial German National Bank, Peoria, Ill.

Hill, Julien H., Cashier National State and City Bank, Richmond, Va.

Hinsch, C. A., President Fifth-Third National Bank, Cincinnati, Ohio.

Hudson, A. W., Vice-President First National Bank, Syracuse, N. Y.

Johnson, J. H., President Peninsular State Bank, Detroit, Mich.

Kinsey, Henry R., Asst. Cashier Williamsburgh Savings Bank, Brooklyn, N. Y.

Lampert, Nelson M., Vice-President Fort Dearborn National Bank, Chicago, Ill.

McAdams, Thomas B., Vice-President and Cashier Merchants National Bank, Richmond, Va.

Nichols, F. C., Treasurer Fitchburg Savings Bank, Fitchburg, Mass.

Pelletreau, A. M., Vice-President Estates Mortgage Securities Company, New York City.

Perrin, John, President Perrin, Drake and Riley, Inc., Los Angeles, Cal.

Phillips, Frank A., President Lambertville National Bank, Lambertville, N. J.

Pugsley, Cornelius A., President Westchester County National Bank, Peekskill, N. Y.

Ruggles, C. A., Manager Boston Clearing House, Boston, Mass.

Teter, Lucius, President Chicago Savings Bank and Trust Company, Chicago, Ill.

Thayer, E. A., Commercial Agent Bureau of Foreign and Domestic Commerce, Washington, D. C.

Watts F. O., President Third National Bank, St. Louis, Mo.

Wayne, Joseph, Jr., Vice-President Girard National Bank, Philadelphia, Pa.



# STATE SECRETARIES SECTION



OFFICERS, 1913-1914.

**PRESIDENT:**

WILLIAM J. HENRY, Secretary New York State Bankers' Association, New York City.

**FIRST VICE-PRESIDENT:**

W. W. BOWMAN, Secretary Kansas Bankers' Association, Topeka.

**SECOND VICE-PRESIDENT:**

T. H. DICKSON, Secretary Mississippi Bankers' Association, Jackson.

**SECRETARY-TREASURER:**

P. W. HALL, Secretary Iowa Bankers' Association, Des Moines.

**CONVENTIONS TO BE HELD IN 1914.**

Apr. 30-May 1, 2.	Ex. Council A.B.A., Hot Springs, Va.
May 5-7.	Texas .....Fort Worth
" 7-9.	Georgia .....Atlanta
" 12-14.	Alabama .....Decatur
" 19, 20.	Missouri .....St. Louis
" 21, 22.	Kansas .....Wichita
" 27-29.	California .....Oakland
June 4-6.	Washington .....Walla Walla
" 8-10.	Idaho .....Twin Falls
" 16-18.	Maryland .....Cape May, N. J.
" 18-20.	Virginia .....Old Point Comfort
" 24, 25.	South Dakota .....Aberdeen
" —	Minnesota .....Minneapolis
" —	Pennsylvania .....Bedford Springs
" —	South Carolina .....Isle of Palms
July 1, 2.	North Dakota .....Williston
Oct. or Nov.	Amer. Bankers Assn. ....Richmond, Va.
Date not decided.	Am. Inst. of Banking. .Dallas, Texas
Date not decided.	New Jersey .....Atlantic City
Date not decided.	Oklahoma .....Oklahoma City

**NEW YORK STATE BANKERS' ASSOCIATION.**

**Annual Dinner of Group VIII.**

THE annual banquet of Group VIII of the New York State Bankers' Association was held at the Waldorf-Astoria, Monday, January 19th, eight hundred members and guests being seated at the tables. This large attendance more than filled the capacity of the floor of the grand ballroom, which necessitated the boxes, usually reserved for lady spectators, being utilized; each box being given up to a table. The Chairman of the Group, James S. Alexander, President of the National Bank of Commerce in New York, presided.

The large gathering was undoubtedly due to the fact that among the guests of honor to make addresses were bankers of world-wide reputation from England, Germany and France. James H. Simpson, Manager of the Liverpool Bank, Limited; Professor Riesser, President of the Hansa League (membership of which comprises financiers, merchants, shippers and manufacturers of Germany); and Robert Masson, of the Credit Lyonnais, were the principal speakers.

Mr. Alexander read a letter from President Wilson regretting that, owing to the pressure of public business, he would be unable to attend the banquet, and extending his best wishes for its entire success.

Mr. Alexander, in referring to the new currency law, said in part: "Possibly no board or commission ever created by law since we have been a nation has had the power for weal or for woe that will be exercised by the board that is about to be created

under this act. We believe, however, that it can be improved in important particulars and expect that Congress and the Executive will provide amendments, as defects and deficiencies may become apparent by experience."

"The German Banks and German Industry," was the title of Professor Riesser's address in which he outlined the banking system of Germany. He said, in part: "The supervision by high State officials guards the prerogatives of the State; the management of affairs by competent men, appointed for life and removable only by disciplinary process, protects the Reichsbank against the always objectionable influences emanating from politics and clothes its decisions with that independence and steadfastness, without which the management of a central note bank cannot operate successfully, and without which it, particularly in critical times, cannot claim the highly necessary authority."

"The influence exercised by industrial concentration and by banking concentration was always mutual, and leadership at times was in the hands of the banks, and at times in those of industry."

"The present wonderful prosperity of German industry is to a very high degree due to the faithful support which it has at all times received at the hands of banks and bankers."

Mr. Simpson outlined how an open discount market may be developed in the United States such as it is in England. He pointed out the advantages which would accrue to this country in broadening the scope of the discount market, making it more international in character; a country of the enormous commercial importance of the United States ought to have a large international bill market. The advantages to the United States of such a market would be the same as those that other countries possess, namely, liquid employment for short money; power to meet demands for money without disorganizing Stock Exchange prices; power to check overtrading at home, and, finally, to check a foreign drain of gold. A strong, wide, international bill market is the best channel for the temporary employment of banking reserves and the best protection against overtrading and against a foreign demand for gold. The experience of Germany, France and other European countries confirms this.

Mr. Masson gave an outline of the financial system of France, following which he said: "We express the sincere desire that your new monetary system may bring the same advantages to you. It will be a great relief for all concerned to know that the American market will henceforth be spared the anxieties of 1907."

"Your decision has come at the right moment. For crises—or let us say, less dramatically, disturbances in the money market—are apt to recur. Many people even believe that something of the sort may put in an appearance in the near future. I will not venture to express an opinion on that point, however, as I am not a prophet."

## CONTIGUITY OF CONVENTION DATES.

THE Organization of Secretaries of State Bankers' Associations has discussed, at recent conventions, the advisability of recommending "Contiguity of Convention Dates;" the Secretaries having already reached a tacit conclusion that it would be very desirable indeed if the various State Bankers' Associations would arrange the dates of their conventions so that visiting bankers would be enabled to be present and take part in more conventions.

State Associations, as a rule, seem glad to receive and entertain visiting bankers and these visitors will not generally violate banking ethics by undue solicitation, when visiting the conventions.

It has been customary for many years for the Executive Council of the American Bankers Association to hold its Spring Meeting the first week in May; then, following this date the State Associations hold their annual meetings.

Since the organization of the State Secretaries Section, there has been a disposition, as far as possible, on the part of the Secretaries to heartily co-operate with the American Bankers Association and with the various State Associations in trying to arrange the business of State Associations and of Group Meetings in such a manner as to provide for the greatest good to the largest number; consequently there has been considerable improvement in the arrangement of dates and less conflict than in former years. F.

## JOINT MEETING OF THE NEW ENGLAND ASSOCIATIONS.

SOME time ago the proposition was advanced by G. W. Hyde, Secretary of the Massachusetts Bankers' Association, that a most effective meeting could be held if all of the State Bankers' Associations of New England could be induced to hold a joint meeting at some convenient point, during the coming summer.

The proposition would probably embody one day given over to a joint meeting of the representatives of all the Associations, where addresses by prominent bankers would be delivered; one day for meetings of the various State Bankers' Associations for the transaction of business relating to their organizations; then would follow the usual entertainment—which would bring the New England bankers together for the promotion of closer friendship and a clearer understanding of their methods as applying to New England.

It is probable that such a meeting will be held in June at one of the resorts in Vermont or New Hampshire.

Every State in New England has a Bankers' Association, excepting Rhode Island. In fact, Rhode Island is the only State in the Union in which such an organization does not exist; and this state should fall in line and organize an association so that the coming convention would be available to her members.

Joint meetings, like the one proposed, where they have been held by some of the Western States, have proven very successful; and, as is the case in New England, where the entire territory does not cover a large area, a meeting of this kind should be equally successful and beneficial. F.

## TEXAS BANKERS ASSOCIATION.

## Group Meetings.

THE schedule suggested for the Group Meetings of the Texas Bankers' Association is as follows: 5th District, Dallas, February 12th; 1st District, Houston, February 13th; 2d District, San Antonio, February 14th; 3d District, Austin, February 16th; 4th District, Waco, February 17th; 6th District, San Angelo, February 19th; 7th District, Fort Worth, February 21st.

## MICHIGAN "BLUE SKY" LAW DECLARED UNCONSTITUTIONAL.

THE Michigan "blue sky" law has been declared unconstitutional in a decision handed down by the Federal Court sitting at Detroit. The decision was unanimous and very sweeping.

## MASSACHUSETTS BANKERS' ASSOCIATION BANQUET.

THE Annual Banquet of the Massachusetts Bankers Association, held at the Copley-Plaza Hotel on Thursday evening, January 8, 1914, was the most successful of any of the banquets ever held by that organization. There was an unusually large attendance of Massachusetts bankers and there were also present bankers from all of the large cities of the East and as far South as Richmond, Va.

Secretary Hyde, as is usual with him, had perfection in details; and the Copley-Plaza Hotel served a most excellent banquet, in keeping with the reputation of that famous Boston caravansary.

Charles P. Blinn, Jr., President of the Association, presided with ease and grace. The speakers were former Asst. Secretary of the Treasury, Dr. A. Piatt Andrew; the Hon. Samuel L. Powells of Boston and Mr. Charles V. Havican of Brooklyn, N. Y. The American Bankers Association was officially represented by General Secretary Farnsworth.

An innovation much appreciated by those attending, and particularly by the guests from outside of New England, was an intermission of fifteen minutes that was declared when the banquet was about half over. This gave the guests an opportunity to visit among the various tables. F.

## NEW YORK STATE BANKERS ASSOCIATION.

## Annual Dinner of Group V.

THE annual meeting and dinner of Group V was held at the Hotel Ten Eyck, Albany, January 24th, at which there was an attendance of 300 bankers, every county in the Group being well represented as well as many bankers from New York City, Boston, Philadelphia and other cities.

At the meeting in the afternoon an informal discussion ensued with an interchange of opinion as to the operation of the Owen-Glass currency bill, following which Hoyt Austin, of the internal revenue office, made a short address on the income tax bill as effecting the banking interests of the country.

The dinner in the evening was of an informal character, Jacob H. Herzog acting as toastmaster. Short addresses were made by Governor Glynn; Clifford S. Sims, General Manager of the Delaware & Hudson R. R.; Robert H. Treman, President of the New York State Bankers Association; and the Rev. J. Addison Jones, of the Madison Ave. Reformed Church.

The officers elected for the ensuing year are as follows: Chairman—E. L. Milmine, Cashier of the Mohawk National Bank, Schenectady; Secretary—H. K. Downing, of the Troy Trust Company, Troy; and the following Executive Committee: A. L. Sitterly, Altamont; Charles W. Clapper, Hudson; W. S. Lambie, Schenectady; M. C. Hemstreet, Oneonta.

## PHILADELPHIA BANKERS BANQUET.

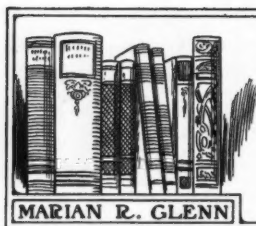
THE Annual Banquet of Philadelphia Bankers—known as Group I, of the Pennsylvania Bankers' Association—was held at the Bellevue-Stratford, Philadelphia, Pa., on January 30th.

There were about 600 bankers present; many of the larger cities east of the Mississippi being represented by prominent bankers.

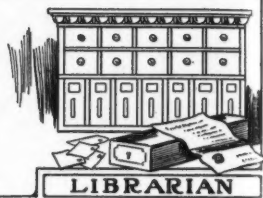
The Banquet was a successful one in every particular, as Philadelphia bankers banquets always are; noticeable, being the attendance of the ladies in the boxes, the elaborate floral decorations, the music, and the menu in which the Bellevue-Stratford always excels.

Thomas S. Gates, Chairman of the Executive Committee presided and acted as Toastmaster. The addresses were of an unusual character and better than the average. The speakers were Henry D. Estabrook, Attorney, New York; George Wharton Pepper, Attorney, Philadelphia; and Irving Bacheller, Author, New York.

The American Bankers Association was officially represented by General Secretary Farnsworth. F.



# LIBRARY AND REFERENCE DEPARTMENT



## GUARANTY OF BANK DEPOSITS.

**B**ANKERS who wish to prime themselves for the coming controversy over the Federal bill for guaranty of bank deposits, which it is said will shortly be introduced into Congress, can borrow much material on the subject from the Library's loan collection.

That collection includes arguments for and against the general principle of guaranty; discussion as to whether it should be a function of the government, the states, or corporate insurance; the origin and history of the movement; laws; and comparisons of its practice under the old Safety Fund system, and in the various states where it is now in effect. The facts and figures regarding bank guaranty in Oklahoma, for instance, are no less interesting than the diversity of opinion as to the success or failure of the experiment there. The collection also includes an account of the Wisconsin Bankers' Mutual Casualty Company, and the Bankers' Deposit Guaranty and Surety Company of Kansas. The following references simply indicate the general nature of this material, but not its scope:

Debate: Shall the government guarantee deposits?—by Chicago and Indianapolis chapters of the American Institute of Banking.

Discussion of bank guaranty at Colorado Bankers' Association convention, 1911.

Fallacies of bank deposit guaranty—by J. Laurence Laughlin.

Federal guarantee of bank deposits—by J. G. McHenry.

History of bank deposit guaranty legislation—by E. S. Oakes.

History condemns guaranty of bank deposits—by A. J. Frame.

## KANSAS.

Bank depositors' guaranty in Kansas, together with the charter and by-laws of the Bankers' Deposit Guaranty and Surety Company—presented in Congress by Mr. Bristow, November 17, 1913.

The new banking laws of Kansas (1909)—by J. N. Dolley.

The guaranty law in Kansas (1909)—by C. N. Prouty.

Deposit guaranty in Kansas (1913)—by A. T. McMillan.

## NEBRASKA.

Nebraska Bank Guaranty Law; text of bill, 1909.

Decision by Judges Munger and Vandevanter regarding Nebraska guaranty law, 1909.

State bank guarantee law in Nebraska (1912)—by C. G. Hurlburt.

## OKLAHOMA.

Defense of Oklahoma guaranty law—by Lee Cruce, E. B. Cockrell, I. H. Nakdimen.

Guarantee a farce—by an Oklahoma banker.

Interesting side lights on the guaranty law—by various bankers.

Premium upon wild cat banking—Editorial from Wall Street Journal, December 12, 1913.

Passing of the bank deposit guaranty fallacy—by various bankers.

Changes that appear to be needed in the law—by W. B. Harrison.

## Commercial Paper.

In connection with changes in the character of commercial paper which will be effected by the new Federal Reserve law, bankers will find of especial interest three pamphlets which can be borrowed from the Library. "The Discount System in Europe" and "Circulating Credits and Bank Acceptances" are by Paul M. Warburg, while the third is by Lawrence M. Jacobs on "Bank Acceptances." In addition to these explanations of the European methods which served as a basis of the commercial paper provisions of the new law, the Library's loan collection contains many articles on American discount and loan conditions which would also be of value to bankers who are studying the subject in its changing relations.

## Agricultural Credit.

In addition to information regarding the various bills being introduced for increased agricultural credit facilities, the Library can supply accounts of foreign systems from which certain administrative features of co-operative credit permissible under proposed legislation would probably be adopted. From the International Institute of Agriculture at Rome the Library has secured copies of two new pamphlets on the German *Landschaften* system, and a new edition of "Outlines of European Co-operative Credit Systems," while the loan collection also includes data on agricultural credit in Great Britain, Germany, France, the Netherlands, Canada, Russia, Sweden, Switzerland, South America, South Africa, Egypt and the Philippines.

Articles on long and short term agricultural credit, and the present status of the land mortgage business in this country are included in the collection, as well as accounts of forms of agricultural credit banks, such as the Woodruff Trust Company, which are already successfully in operation in the United States.

# LEGAL DEPARTMENT

THOMAS B. PATON · GENERAL COUNSEL

## BILLS BEFORE CONGRESS.

A NUMBER of subjects of legislation are now pending before Congress of interest to members of this Association. Among these subjects at the present writing are the following:

### Guarantee of Deposits.

The Federal Reserve Act as passed by the Senate contained a provision which was eliminated in conference with the understanding that the subject would be regulated by an independent enactment, that after the payment of six per cent. cumulative dividends a portion (one-fourth) of the surplus net earnings of the Federal Reserve Bank, "be paid to the United States as a trustee for the benefit of depositors in failed National banks, the money to be kept in and losses from failures to be paid from it as a depositors' insurance fund under a division of the Treasury to be constituted and managed under such regulations as may be prescribed by the Secretary of the Treasury."

At the time of the passage of the Federal Reserve Act in which this provision as to insurance fund did not appear, Senator Williams on December 23, 1913, introduced a bill (S. 3867) "to found and maintain a mutual insurance fund for depositors in National banks, to be kept available in the United States Treasury and to be administered by a bureau in the Treasury Department organized and regulated for that purpose" which was referred to the Committee on Banking and Currency. The essential feature of this bill is Section 6 which provides:

"That all National banks having deposits in an amount greater than their capital when this Act takes effect shall pay to the Comptroller of the Currency, within thirty days after this Act becomes operative, one-half of one per centum on its total deposits, which shall be credited to the reserve fund, and one mill on its total deposits, which shall be credited to the premium fund.

"At the beginning of each fiscal year thereafter every National bank shall pay to or receive from the Comptroller of the Currency one-fourth of one per centum on its average deposits of the preceding year, which amount shall be credited or charged to the reserve fund, and shall also pay one mill on its average deposits of the preceding year, which amount shall be credited to the premium fund."

Separate provision is made for National banks having deposits less than capital, the percentage of contribution being of the capital instead of the deposits. The bill also contains a provision requiring every National bank whose deposits exceed ten times its capital to increase the capital or reduce its deposits so as not to exceed that proportion. When a National bank fails, first the premium fund, and if that is insufficient the reserve fund is resorted to.

On January 16, 1914, Mr. Kinkaid, of Nebraska, introduced in the House a bill (H. R. 11744) "to pro-

vide for the insurance of deposits in National banks" which was referred to the Committee on Banking and Currency. This is a short bill which provides that the interest paid on public money deposited by the Secretary of the Treasury in authorized depositories "be covered into the Treasury as a fund for the payment to depositors of balances due them in failed National banks" with subrogation of the Government to the rights of depositors to the extent of such payment of deposits and if, after three years, in the opinion of the Secretary of the Treasury one-half of such interest income will be adequate, thereafter but one-half of such interest to be so covered.

Subcommittees of the Banking and Currency Committees of Senate and House have been appointed to take up the drafting of legislation on this subject. These subcommittees are Senators Hitchcock, Reed and Bristow of the Senate Committee, and Congressman Korbly of Indiana is Chairman of the House subcommittee. Neither of these subcommittees, so far as can be learned, have taken any positive steps as yet in connection with the drafting of Guaranty of Deposits legislation and it cannot be foretold with certainty just what character of legislation will be recommended upon this subject. It is understood that the bills thus far introduced are not favored. Whether the actual drafting of legislation will soon be taken up by these subcommittees or let alone at this session, and until such time as the Federal Reserve System becomes established and in operation, remains to be seen.

In further relation to this subject a bill was introduced on January 30th by Senator Norris (S4265) and referred to the Committee on Banking and Currency which provides "that every National banking association doing business in a State where there is a State law providing for the securing of deposits in State banks shall be and is hereby authorized if permitted by the law of such State, to avail itself of such State law and to take the necessary steps under the laws of such State to guarantee its deposits."

### Interlocking Directorates.

The subjects of legislation comprehended in President Wilson's Anti-Trust message of January 20th comprise: (1) prohibiting interlocking directorates; (2) creation of an interstate trade commission with inquisitorial powers into corporations, save common carriers, and not prevent the violations of the Sherman Anti-Trust Act; (3) an Anti-Trust Law definitions bill; (4) a trade relations measure, designed to prohibit "cut-throat" competition, and (5) regulation by the Interstate Commerce Commission of issues of railroad stocks and bonds.

On the subject of interlocking directorates, a tentative bill has been prepared which Senator Newlands, Chairman of the Senate Committee on Interstate Commerce and Representative Clayton, Chairman of the Judiciary Committee of the House will

probably introduce in the Senate and House, respectively, in the near future. This bill consists of four sections, the last two of which contain penalties and the first two are as follows:

"That from and after two years from the date of approval of this Act no person who is engaged as an individual, or as a member of a partnership, or as a director or other officer of a corporation in the business, in whole or in part, of manufacturing or selling railroad cars or locomotives, or railroad rails, or structural steel, or mining or selling coal, or the conduct of a bank or trust company, shall act as a director or other officer or employee of any railroad or other public service corporation which conducts an interstate business."

Sec. 2. "That from and after two years from the date of approval of this Act, no person shall at the same time be a director or other officer or employee in two or more Federal Reserve banks, National banks, or banking associations, or other banks or trust companies, which are members of any reserve bank, and are operating under the provisions of the Act approved December twenty-third, nineteen hundred and thirteen, entitled 'An Act providing for the establishment of Federal Reserve banks, to furnish an elastic currency, to afford means of rediscounting commercial paper, to establish a more effective supervision of banking in the United States, and for other purposes,' and a private banker, and a person who is a director in any State bank or trust company, not operating under the provisions of the said Act, shall not be eligible to be a director in any bank or banking association or trust company operating under the provisions of the aforesaid Act."

It is understood that hearings will be had upon the above bill and bankers will thus be given an opportunity of pointing out in what respects its operation would be detrimental to business interests.

A further bill, on this subject, was introduced in the House on January 12th by Mr. McCoy, and referred to the Committee on Judiciary. It provides that

"Section 2. That after the twenty-third day of December, nineteen hundred and fourteen, an officer or director of a Federal Reserve bank, branch bank, National bank, or banking association, or of any State bank, banking association, or trust company admitted to membership in a Federal Reserve bank shall not be an officer or director of any other bank, banking association, or trust company, or of any other financial corporation, institution, or association engaged in the business of banking; nor shall he engage in the banking business individually or as a member of a firm or association engaged in such business; nor shall he be an officer or director of any other corporation, organization, or association the principal part of whose authorized or actual business is to buy, sell, or hold the stock, bonds, securities, or evidences of indebtedness of corporations, organizations, or associations, or to finance the sale of such stock, bonds, securities, or evidences of indebtedness, or to negotiate loans to corporations, organizations, or associations; nor of any other corporation, organization, or association owning stock of or an interest in a corporation, organization, or association conducting principally such authorized or actual business."

#### Income Tax Amendment.

A bill was introduced by Mr. Cantor, of New York, January 27th, H. R. 12474, which provides "that all the provisions of the Income Tax Law passed October 3, 1913, which authorize or require the collection of the tax at the source are hereby repealed."

On January 28th Mr. Metz, of New York, introduced a bill (H. R. 12536) to amend the income section of the Tariff bill so as to provide for the payment

of the tax by the taxable person, and not at the source of income. This bill aims to repeal the provisions requiring deduction and withholding and payment at the source, but requires the making of a return by the person or corporation at the source but payment of the tax by the tax payer direct.

Both of these bills have been referred to the Committee on Ways and Means. It has been stated that this Committee of which Representative Underwood is Chairman does not propose to take action upon these bills or similar bills at this session.

#### BILLS OF LADING.

THE Uniform Bill of Lading, the Order form of which (printed on yellow paper) is familiar to bankers, was approved by the Interstate Commerce Commission on June 27, 1908, and has been used quite generally by carriers throughout the country except in Southern Classification Territory where a different form has been largely used.

A proceeding has been pending before the Interstate Commerce Commission during the last few months, the main object of which has been to secure the adoption of one uniform bill, with the same provisions and conditions, for use by carriers both rail and water throughout the entire country. The hearings before the Commission have been devoted more particularly to the discussion of differences between carriers and shippers as to the phraseology of conditions on the back of the bill, and as to these differences the banking interests, as third parties loaning on the faith and integrity of the Order bill, have not been primarily concerned. One phase of the proceeding, however, has been of immediate concern to the banking interests, namely, the attempt and argument on behalf of certain of the Southern carriers to have incorporated upon the face of the new uniform bill a clause which would restrict its negotiability in important particulars. Any such restriction lessening the negotiable value of the document would affect not only the bankers but would be a vital detriment to the shipping interests who could not expect to obtain the necessary advances to which they have heretofore been accustomed, if the bill of lading which they offered as security was shorn of certain attributes necessary to the protection of those who advance money upon the faith thereof. The argument of those who seek to restrict the negotiable quality of the Order bill of lading has been met orally by General Counsel of this Association, acting in behalf of the banking interests, as well as by Counsel representing the shipping interests. At the close of the proceedings, printed briefs were filed in behalf of the respective interests. The contention that the negotiability of the Order bill of lading be restricted by a clause making it assignable but not negotiable except in a certain particular, having been seriously urged in a brief filed by the representatives of certain of the Southern carriers, a reply-brief was prepared by General Counsel and filed on behalf of the American Bankers Association. A copy of this is published below for the information of our many members who are interested in maintaining the integrity of the Order bill of lading.

#### Before the Interstate Commerce Commission.

IN THE MATTER OF BILLS OF LADING  
(DOCKET NO. 4844)

Reply in behalf of the American Bankers Association to the proposal of certain carriers in Southern Classification Territory that the "assignable" clause in the so-called "Standard" bill be inserted in the Uniform Order Bill of Lading. By Thomas B. Paton, General Counsel American Bankers Association, January 17, 1914.

THE Uniform Bill of Lading approved by the Interstate Commerce Commission June 27, 1908, has been adopted and used by carriers generally in Official Classification and Western Territory and to some extent by carriers in Southern Territory,

while others of the carriers in Southern Classification Territory have used what has been called the "Revised Standard Bill of Lading," which to some extent is different from the Uniform bill. The main object of the present proceeding is to harmonize differences looking to the ultimate adoption of the uniform bill of lading covering the entire country both for rail and water carriers.

The American Bankers Association was represented by its General Counsel at the hearings before the Commission on September 15 and 16th, 1913, and did not participate in the discussion of differences between carriers and shippers relative to conditions on the back of the bill; but when the proposal was made by Counsel for certain carriers in Southern Classification Territory that the "assignable" clause on the face of the so-called "Standard" bill be incorporated as part of the new Uniform Bill Order form—a proposition in which the representatives of the carriers in Official Classification and Western Territory did not join and to which the representatives of shippers were opposed—reasons were given by Counsel for the American Bankers Association in opposition to such proposal, and at the close of the argument the impression was derived—perhaps mistakenly—that the suggestion would not be seriously urged. In the brief, however, submitted to the Interstate Commerce Commission in behalf of the transportation companies using the Revised Standard Bill of Lading by Counsel and Chairman of the Revised Standard Bill of Lading Committee (filed January 9; received by the writer January 9 and reply to which must be filed by January 20), the insertion of the "assignable" clause in the new uniform bill is urged (pages 19-23, 36-42), and this reply in behalf of the American Bankers Association is submitted.

#### The "Assignable" Clause and by Whom Proposed.

The clause referred to is as follows:

"This Bill of Lading is assignable; it is negotiable only in so far as may be required to carry out the promise of the carrier made in the following surrender clause, and is enforceable as provided in Section 10 of this bill of lading, according to its original tenor and effect."

It is to be noted that in the brief filed by the Committee of Counsel of Carriers in Official Classification and Uniform Bill of Lading Committee and by Committee of Counsel for Western Trunk Line Committee and by Counsel for certain carriers in Southeastern Territory using the Uniform Bill of Lading, no such contention is urged, but to the contrary the uniform bill is desired, unchanged in this respect; furthermore, in the brief which urges the "Assignable" clause it is stated (page 22) that certain members of the Revised Standard Bill of Lading Committee insist that this clause be "retained," while other members of the Committee believe that if uniformity is imperilled the clause should, under protest, be stricken out. It appears therefore that the insertion of this clause in the uniform bill is not favored by the carriers generally, is opposed by the shipping and banking interests and is only seriously urged by some but not all of the carriers in Southern Classification Territory who use the so-called "Standard" bill of lading. This significant fact is of itself a weighty reason why the clause should not be inserted in the New Uniform Bill; only a small minority of the carriers want it, a majority of the carriers do not, and its insertion is opposed by the shippers and bankers. Furthermore, the contention that the clause be "retained" and the urging of its "retention" does not properly state the case. Nothing can be retained which is not already in the document. The present Uniform Bill is the only one which has been approved by the Commission, and the proceeding before the Commission is an inquiry as to what changes are to be made in that instrument. The so-called "Standard" Bill is not, but the Uniform Bill is, the model upon which the Commission proposes to build; therefore the real proposition is, not that the "assignable" clause be "retained" in the Uniform Bill, but that such clause, now in

a bill having but limited use and desired by only a small minority of carriers, be inserted in the Uniform Order Bill of Lading contrary to the desires of the great body of carriers, shippers and bankers.

The Uniform Bill of Lading was agreed upon, adopted and recommended in June, 1908, in two forms, the Straight bill, upon which the words "not negotiable" were to be printed, and the Order bill, upon which it was understood no words restricting negotiability were to appear, this latter being designed in recognition of the fact that such bill was an instrument of credit upon faith of which third parties made advances. The proposition now made is, in effect, that such Order bill be also stamped "not negotiable" except to the extent necessary to carry out the promise of the carrier that its surrender properly indorsed will be required before delivery of the property. In every other respect it is to be simply assignable; that is to say, the transferee would stand in the shoes of the shipper and take no greater rights.

The broad answer to this proposition is (1) that any such narrowing of the function of the Order Bill of Lading by depriving it of its utility as an instrument of credit, except within the narrow limits proposed, would be an act in restraint of trade and commerce between the different States, hamper and impede the free interchange of commodities, strike down existing rights already established by law in many States and undermine established and necessary customs in connection with the shipment of the crops and products of the country by taking away an essential part of the necessary machinery thereof, and (2) in any event the assignability, measure of negotiability and legal effect of an Order Bill of Lading are subjects which public policy requires should be regulated by law and not by the contract of the parties under the auspices of the Interstate Commerce Commission; that Congress, the State Legislatures and courts, as in the past, are the proper forums in which to present and the proper tribunals to pass upon such matters.

#### The Order Bill is an Instrument of Credit and a Necessity to Interstate Commerce.

It is hardly necessary to do more than call attention to the fact, well known to this Commission, that the Bill of Lading has long since outgrown its original function as a mere contract of affreightment; that in its character of an Order Bill it has become an instrument of credit upon faith of which third parties, transferees or pledgees of the shipper make advances; that it is issued to order with the knowledge and expectation of the issuing carrier that it will be negotiated as an instrument of credit; and that such custom of negotiation has been firmly established and is necessary to the proper conduct of the interstate commerce of the country, for it is largely through advances of third parties upon the faith of such bills that the crops of the country are moved and marketed. By well-established custom and declared law, as well as by positive statutory enactment in many States, the third party transferee who advances value upon faith of an Order Bill of Lading does not merely stand in the shoes of the shipper but acquires certain superior rights, the maintenance of which are necessary to the conduct of interstate commerce. Such superior rights of various nature have been recognized by the courts in numerous cases. The language of the court in merely two of such cases will be cited as typical.

The Supreme Court of Minnesota in *Ratzer v. Burlington*, 64 Minn. 245, says:

"A vast portion of the produce of this country is moved from the agricultural districts to the commercial centers and the seaboard by aid of advances made on the security of such bills of lading. A well-established custom has grown up in commercial circles by which such bills of lading are treated as the symbols of title to the property in transit, are taken as security for money advanced and endorsed and delivered as

a transfer of the property. This is well understood by the railroad companies and every one else. To allow the railroad companies to ignore this custom would be to destroy the custom itself. This would cause great hardship, revolutionize business methods and drive all buyers and shippers of small means out of the business, as they could no longer give ready and available security on commodities in transit and thereby turn their limited capital sufficiently quickly and often to enable them to do business. This, in turn, would destroy competition and leave the business in the hands of a few concerns with unlimited capital. Neither have the railroad companies any right to ignore this custom. On the contrary, it must be held that these companies have been doing business with reference to this custom as much as the shippers themselves, and the consignees, banks, commission merchants and others who are continually advancing money on the faith of the security of these bills of lading. The effect of this custom, independent of statute, is to make bills of lading to some extent and for some purposes negotiable, and to give superior rights to innocent transferees in the usual course of business."

The Supreme Court of Kansas in *Bank v. Railroad*, 20 Kan. 519, says:

"Our State is a great producer of grain, large amounts of which seek markets outside of its boundaries. The means of its transportation are mainly limited to railroads and commercial transactions by grain dealers extend to millions each year. The great mass of these products, when started to Eastern markets, are purchased and paid for through bills of lading. The custom of grain dealers is to buy of the producer his wheat, corn, barley, etc., then deliver the same to a railroad company for shipment to market. The railroad company issues to the shipper its bill of lading. The shipper takes his bill of lading to a bank, draws a draft upon his commission merchant, or consignee, against the shipment, and attaches his bill of lading to the draft. Upon the faith of the bill of lading, and without further inquiry, the bank cashes the draft and the money is thus obtained to pay for the grain purchased, or re-purchase other shipments. In this way the dealer realizes at once the greater value of his consignment and need not wait for the returns of the sale of his grain to obtain money to make other purchases. In this way the dealer with a small capital may buy and ship extensively; and while having a capital of a few hundred dollars only, may buy for cash, and ship grain valued at many thousands. This mode of transacting business is greatly advantageous both to the shipper and producer. It gives the shipper who is prudent and posted as to the markets almost unlimited opportunities for the purchase and shipment of grain, and furnishes a cash market for the producer at his own door. It enables the capitalist and banker to obtain fair rates of interest for the money he has to loan and insures him, in the way of bills of lading, excellent security. It also furnishes additional business to railroad companies, as it facilitates and increases shipments of produce to the markets. A mode of business so beneficial to many classes ought to receive the favoring recognition of the law to aid its continuance."

It is now sought to strike down what has thus been built up by custom, courts and legislatures growing out of the needs of the situation and, except in the single instance of making the carrier liable upon his order bill of lading where he delivers the goods without taking up the bill, to place the transferee for value of the bill of lading in no better position than the shipper who originally receives it. In the Minnesota case above cited the railroad which delivered the goods to the shipper without taking up the bill, the shipper having afterwards negotiated the bill for value, was held liable to the holder and the

exception in the "Assignable" clause would protect the holder in this particular case; but in all the numerous cases similar to the Kansas case above cited, in which the railroad was held liable upon a bill of lading for grain issued by a freight agent without any grain having been received, the "Assignable" clause would deprive the bona fide purchaser or pledgee of all protection. In every case where an Order Bill of Lading has been issued by an agent authorized to issue bills of lading, but without actual receipt of the goods either (a) by collusion with the shipper, or (b) as an accommodation to the shipper, or (c) by mistake, this clause in the bill of lading would enable the carrier to say to the third person who had advanced value upon the bill—and such third person is not alone the banker but very often the person to whom the goods are destined and who pays the draft on faith of the bill in order to get the goods—"you are merely the pledgee or assignee of the shipper and take no greater rights; the shipper could not enforce this bill against us, neither can you."

It is true that the Supreme Court of the United States and some State courts following the Federal tribunal hold that the carrier is not liable to a purchaser or pledgee for value of a bill issued by an agent without receipt of the goods but this early common law doctrine, originally promulgated before the growth and development of our vast interstate commerce through the medium of bills of lading as instruments of credit, has not been recognized by the courts in the leading commercial States who hold the carrier estopped in such cases to deny the truth of the representations of an agent held out to the public to make them; it has been changed by statute in a considerable number of States, and legislation is now pending in Congress to the same end. For nearly half a century it has been the judicial law of New York, Pennsylvania, Kansas and other States that the carrier is liable to the bona fide holder of an Order bill of lading signed by a freight agent without receipt of the goods, and it is common knowledge that the railroads have not been injured but have thrived under this rule of responsibility.

Again under existing custom and law the purchaser or pledgee for value of an Order bill of lading is secure in his right to the goods as against an attaching creditor of the shipper. It has been held in numerous cases that the bank or other purchaser who acquires for value a draft with bill of lading attached has a right to the property shipped superior to that of a subsequent attachment creditor of the shipper, and this right exists whether the transaction constituted a transfer of the absolute title to it or merely a pledge to secure an indebtedness. See *Ladd & Tilton Bank v. Commercial State Bank*, 130 Pac. (Ore.) 975, and cases cited. But with a clause in the bill of lading such as proposed, under which the purchaser would take only the rights of the shipper, he would be deprived of the superior rights over attaching creditors now accorded him by law. If it be conceded that in a case where the transfer of the bill of lading ante-dated the attachment he might be protected as prior assignee, he certainly would not be protected where after the goods were attached the shipper pledged the bill of lading.

Again by statute in a number of States the bona fide holder of an Order bill of lading is protected against claims of lien by the carrier which are not stated on the face of the bill. But insert this proposed clause in an order bill of lading and the innocent purchaser or pledgee who has advanced money on faith of the bill and who seeks to resort to the goods may be met by the carrier with the claim that the shipper is indebted to him on current account for freight charges on past shipments and that as the holder takes no greater right than the shipper, the carrier's claim is paramount. Whether or not such a claim would be upheld is debatable. It would at all events lead to litigation. The transferee of the bill might claim that he was protected by the clause making the bill negotiable "so far as may be required to carry out the promise of the carrier" in the surrender clause; that the carrier's promise is to require the surrender of the bill of lading properly indorsed

before delivery of the property, that this means that the holder of the bill is entitled to the property, and if the carrier refuses to deliver the property to the holder but applies it upon the indebtedness of the shipper, it would be liable to the holder for violation of his rights. On the other hand, the carrier might contend that the holder only took the same rights as the shipper; if the shipper still held the bill the carrier would not be compelled to deliver the property to him and his transferee took no greater rights; while the bill would be negotiable so as to make the carrier liable for refusing to deliver the property to the assignee where it had no claim of lien thereon, such claim was a complete defense against the shipper's assignee equally as against the shipper. The uncertain effect of this clause in possibly depriving the bona fide transferee of the Order bill of his right to the property where the carrier has a lien thereon against the shipper for past indebtedness, is an additional reason against its insertion.

Again this clause would cut out the protection now accorded by law to the purchaser or pledgee of a bill indorsed in blank by the shipper where the owner of the bill has entrusted it so indorsed to the shipper or some other person for a certain purpose and such person in violation of his trust, has wrongfully sold or pledged the bill. The law in many States has resolved the equities between the entrusting owner and the innocent purchaser in favor of the latter and holds that as between the two, the one who has reposed the trust should bear the loss. This is a matter in which the carrier is not concerned either one way or the other, but this clause would deprive the innocent purchaser or pledgee from the protection he now has in many States as, under such clause, he would acquire no greater rights than possessed by his guilty transferor.

Without attempting further particularization, if the proposed "assignable" clause were inserted in the Order bill of lading it would be reduced to the non-negotiable plane of the Straight bill and the commercial purchaser or pledgee be deprived of all the superior rights which he now has under custom and law and which are necessary to the negotiation of the bill, save alone such superior rights as may grow out of the non-performance of the promise of the carrier to take up the bill when he delivers the goods. This would protect the commercial purchaser against loss where spent Order bills were subsequently negotiated, but this is all; it would not protect him, as he is now protected to a large and increasing extent where the bill, signed by the carrier's agent, is issued without receipt of the goods, nor where the property is attached by a creditor of the shipper whose lien ante-dates the negotiation of the bill, nor where the carrier should claim the property by reason of equities against the shipper not shown on the face of the bill, nor in any other case where the law now recognizes a superior right in the bona fide transferee to that which could be enforced by the original shipper. Clearly, to insert such a clause would be contrary to the interests of commerce.

#### The Argument for the "Assignable" Clause Analyzed and Refuted.

The argument for the insertion of the "assignable" clause proceeds on the ground that the contract, by providing that the bill shall be "assignable" and negotiable only in so far as necessary to carry out the surrender clause, gives all the negotiability necessary to carry out the intention of the original parties to the contract, carrier and shipper, namely, "to carry to the holder all the rights and obligations of the assignor and that the goods so received shall be held according to the carrier's promise," but not that "any assignee shall secure any better title or condition than the original contracting parties;" that the courts and legislatures and the Commissioners on Uniform State Laws in attempting to confer full negotiability upon Order bills of lading have misapprehended the true nature of the transaction and function of the instrument and have attempted to do something impossible; therefore to remedy the inexactness and

confusion which has been injected into the law and the public mind by all such attempts, the assignability and measure of negotiability defined by the "assignable" clause should be fixed by the contract itself.

This contention bears an analogy to the cry of the old-school lawyers two centuries ago when Lord Holt, denying that promissory notes payable to bearer were negotiable, declaimed against the "obstinacy and opinionativeness of the merchants who were endeavoring to set the law of Lombard Street above the law of Westminster Hall." But the contention of merchants and bankers that promissory notes should be fully negotiable had its basis and justification in the necessities of commerce, and accordingly Parliament in 1705 made promissory notes "assignable or indorsable over in the same manner as inland bills of exchange are, or may be according to the custom of merchants." From that time to the present the person who makes his promissory note in negotiable form payable to order must pay same to a bona fide indorsee for value although the maker has received no consideration for the note or has been defrauded into giving it. The necessities of trade and commerce have fixed it as the policy of the law that such an instrument is not alone a contract between maker and payee but is one in which a bona fide transferee of the payee may acquire superior rights and enforce the instrument against the maker even though the payee could not. True, the maker is not obliged to issue his note to order, but if he does so, these results follow under the law.

The contention that the order bill of lading be restricted to one of contract between the original parties and that the bona fide transferee acquire no greater rights than the shipper save only where the carrier has received the goods and has delivered them to other than the holder entitled under the bill of lading, is equally a contention which does not take into consideration the necessities of commerce. It has always been the policy of the law to promote commerce and to give as free currency as possible to its instruments. Hence when bills of lading began to evolve from mere contracts of affreightment and to assume the function of instruments of credit, first the courts and then the legislatures of the different States proceeded to make this function effective by giving assignees and pledgees for value greater rights in certain cases than the original shipper, which rights were necessary for their protection. One of the earliest forms of legislation were those State statutes which provided in varying phraseology that bills of lading should be negotiable by indorsement and delivery in the "same manner" or to the "same extent" or in the "same sense" or "with like effect" as bills of exchange or promissory notes—with an exemption from the application of such statutes of bills marked "not negotiable." But these statutes, in view of the differences in nature between bills of exchange and promissory notes and bills of lading have been generally construed by the courts as doing nothing more than providing a method of transfer by indorsement and delivery and not to make bills of lading absolutely negotiable in all respects as a bill of exchange or promissory note for the payment of money. But later statutes enacted in a number of the States—and I am referring now to the Uniform Bills of Lading Act approved and recommended by the Commissioners on Uniform State Laws—have recognized the impracticability of defining the necessary rights of commercial purchasers by any simple general provision that bills of lading are negotiable, and these statutes have been so framed and enacted as to define with exactness the precise rights acquired by the purchaser or pledgee for value. These statutes recognize the existence of the two forms of bill, straight and order, provide in detail the obligations and rights of carriers upon such bills and contain exact provisions as to their negotiation and transfer and the rights of persons to whom such bills have been negotiated and transferred. The Pomerene bill, which passed the Senate of the 62nd Congress and was introduced in the 63rd Congress on April 28, 1913, follows along the same lines. In the face of these statutes, as well as other more specific provisions recently enacted in certain states, there is no

inexactness or confusion in the law which calls for remedy in the manner proposed by the "assignable" clause. In view of such statutes precisely defining the rights of transferees and the obligations of carriers along lines beneficial to commerce and in the judgment of legislators fair and equitable to all parties concerned, it would not be good policy that the operation of all such statutes should be nullified and the negotiable quality of bills of lading as defined therein be substantially destroyed by a clause in the bill itself narrowing and limiting its negotiability to one particular feature.

It is urged (Brief pages 20-23) that the principal objection to the "assignable" clause, comes from some financial interests who loan money upon order bills of lading; that the object is partisan and one-sided because such interests have been endeavoring to secure a wholly negotiable bill which is impossible, and at the same time "have steadily refused to accept the responsibility of indorsers;" that the real object indirectly, almost secretly, sought is "to make the principal responsible for the unauthorized act of its agent," an unfair principle whether applied to a carrier or to an individual and that the effort is to supplant the ruling of the Supreme Court in *Friedlander v. Texas*, etc. Ry. 130 U. S. 416.

There is nothing secret whatever about the purpose of the advocates of bill of lading legislation in Congress to urge a law which, among other features, will overrule the doctrine of the Supreme Court in the *Friedlander* and other cases that the carrier is not bound by the act of his agent, authorized to issue bills of lading, to a bona fide holder of a bill issued by such agent without receipt of the goods. This was the main feature of the Stevens bill which passed the House of Representatives of the 61st Congress and is one of the main features of the Pomerene bill which passed the Senate of the 62nd Congress and is now pending in the 63rd Congress. This federal doctrine that the carrier is not liable in such cases is contrary to the law as declared by the courts of the leading commercial States. See, for example, *Bank of Batavia v. N. Y., Lake Erie etc. R. R.* 106 N. Y. 195, a case where a local freight agent issued bills of lading reciting the receipt of goods, not in fact received, upon which bills a bank advanced money to a shipper, and the court, holding the Railroad liable for the act of its agent, said:

"It is a settled doctrine of the law of agency in this State that where the principal has clothed his agent with power to do an act upon the existence of some extrinsic fact necessarily and peculiarly within the knowledge of the agent, and of the existence of which the act of executing the power is itself a representation, a third person dealing with such agent in entire good faith pursuant to the apparent power, may rely upon the representation, and the principal is estopped from denying its truth to his prejudice. \* \* \* The bills were made for the precise purpose, so far as the agent and Williams (the shipper) were concerned, of deceiving the bank by their representations, and every bill issued not stamped was issued with the expectation of the principal that it would be transferred and used in the ordinary channels of business, and be relied upon as evidence of ownership or security for advances. Those thus trusting to it and affected by it, are not accidentally injured, but have done what they who issued the bill had every reason to expect. Considerations of this character provide the basis of an equitable estoppel, without reference to negotiability or directness of representation. It is obvious, also, upon the case as presented, that the fact or condition essential to the authority of the agent to issue the bills of lading was one unknown to the bank and peculiarly within the knowledge of the agent and his principal. If the rule compelled the transferee to incur the peril of the existence or absence of the essential fact, it would practically end the large volume of business founded upon transfers of bills of lading. Of whom shall the lender inquire, and how ascertain the fact? Naturally, he would go to the

freight agent, who had already falsely declared in writing that the property had been received. Is he any more authorized to make the verbal representation than the written one? Must the lender get permission to go through the freight house or examine the books? If the property is grain, it may not be easy to identify, and the books, if disclosed, are the work of the same freight agent. It seems very clear that the vital fact of the shipment is one peculiarly within the knowledge of the carrier and his agent, and quite certain to be unknown to the transferee of the bill of lading, except as he relies upon the representation of the freight agent."

The Supreme Court of Pennsylvania, also, in a similar case, *Brook v. Lake Erie etc. Rd.* 108 Pa. 529, where a firm of commission merchants paid a draft on faith of a false bill of lading attached, held the issuing carrier liable for the act of its agent. The court in this case said:

"The draft was duly presented, and, on the faith of the bill of lading, was paid by plaintiffs; but, of course, the pretended carload of barley never arrived. Plaintiffs, who thus became the innocent victims of the fraud to the extent of several hundred dollars, claim that defendant, through whose shipping agent they were defrauded, should make good the loss. The claim appears to be both reasonable and just; and, notwithstanding the authorities cited in support of the opposite view, we are satisfied it is so. Under the circumstances cited in the case stated defendant is estopped from denying what its accredited shipping agent asserted in the bill of lading by which plaintiffs, without any fault on their part, were misled to their injury. \* \* \* It is contended that inasmuch as no authority, real or apparent, to issue bills of lading without receiving the goods mentioned therein, had actually been given by the railroad company to Weiss (the agent), it was not in any manner responsible for his unauthorized act, even as to innocent third parties, who were misled and injured thereby. We cannot assent to this proposition. As between principal and third parties, the true limit of the agent's authority to bind the former is the apparent authority with which the agent is invested; but, as between the principal and the agent, the true limit is the express authority or instruction given to the agent: *Evans' Agency*, 594, 606; *Adams Express Co. v. Schlenger*, 25 P. F. Smith, 246. The principal is bound by all the acts of his agent within the scope of the authority which he held him out to the world to possess, notwithstanding the agent acted contrary to instructions; and this is especially the case with officers and agents of corporations. Since a corporation acts only through agents it is bound by its agents' contracts when made ostensibly within the range of their office. One who authorizes another to act for him in a certain class of contracts undertakes for the absence of fraud in the agent acting within the scope of his authority: *Whart. Cont. Sec.* 96, 130, 269. The authority of an agent to act for and bind his principal will be implied from the accustomed performance by the agent of acts of the same general character for the principal with his knowledge and consent: *Evans' Agency*, 193, note. These elementary principles are founded on the doctrine that where one of two persons must suffer by the act of a third person, he who has held that person out as worthy of trust and confidence, and as having authority in that matter, should be bound by it: *Evans' Agency*, 591. It is conceded in this case that the company did not authorize the issuance of bills of lading without receipt of the goods, but it put Weiss in its place to do that class of acts, and it should be answerable for the manner in which he conducted himself within the range of his agency. Public policy, as well as the ultimate good of corporations themselves, requires that this should be the rule."

The above decisions, rendered over a quarter of a century ago, and many more which might be cited, indicate that this is no "startling new principle" applicable to the carrier as asserted in the brief.

Taking up the contention that the interests urging "full negotiability" for bills of lading are seeking unfair and undue benefits and at the same time seeking to escape corresponding obligations by steadily refusing to accept the responsibility of indorsers, it has already been pointed out that the shipping and banking interests in urging the enactment of the Pomerene bill by Congress and the Uniform Bill of Lading Act in the different States are not seeking the enactment of a statute simply conferring "negotiability" upon bills of lading, without any definiteness of view as to the meaning of negotiability in this connection, but rather are urging a form of statute, prepared after years of labor and after hearings by all interests affected, which in plain and precise terms defines not only the rights and obligations of the original parties, but also of transferees of the two forms of bills of lading. This statute is not open to the objection that it is impracticable or impossible to confer full negotiability upon bills of lading, for it defines with precision just what the rights of third party transferees are, the different cases where the transferee takes superior rights to the shipper and the extent of the obligation of the carrier. This statute is not urged by one interest—the financial interest—it is equally urged by the mercantile public, the receivers and shippers of goods. It is only objected to by a portion of the carrying interests. There is nothing one-sided about this legislation and it does not give the banker undue advantages. The money of the public deposited in bank is loaned in aid of trade and commerce upon faith of order bills of lading to the extent of hundreds of millions of dollars yearly. It is vitally necessary to the security of this money that the carrier should be responsible for the truth of the statements in the bill of lading made by his agent authorized to issue bills of lading as well as obliged to carry out his promise with regard to delivering goods only to the holder of the order bill of lading.

It is urged that while the banker acquires special rights he is not willing to assume corresponding obligations, and an answer to the question is challenged whether "if they secure such full negotiability to the bills of lading which they are demanding, and which is in excess of the promises contained in the surrender clause of the bill of lading, will they then be willing as the holders and indorsers of the bill of lading passing through their hands to accept the full responsibilities of an indorser?" In the case of an indorser of a promissory note, the law imposes two obligations running to an indorsee: (1) the indorser warrants genuineness; (2) the indorser engages that if the maker does not pay and the proper steps are taken, the indorser will himself pay. The Uniform Bills of Lading Act and the Pomerene bill provide the first but not the second obligation for the indorser of a bill of lading. See, for example, the Pomerene bill S. 1654, Section 37, which provides "that a person who negotiates or transfers for value a bill by indorsement or delivery unless a contrary intention appears warrants that the bill is genuine . . ." and Section 38, "that the indorsement of a bill shall not make the indorser liable for any failure on the part of the carrier or previous indorsers of the bill to fulfill their respective obligations." It has never been the mercantile custom to hold indorsers of bills of lading liable to subsequent transferees for the failure of the carrier to perform his obligation as is the case with a negotiable promissory note and the statute merely carries out this mercantile custom. It is further to be noted that this liability as warrantor of the genuineness of the bill is on the part only of one who negotiates and transfers a bill by indorsement and delivery and does not extend to the holder of the bill as collateral security for a debt who surrenders the bill upon receiving payment. As to this transaction Section 39 of the Pomerene bill (and a similar provision is contained in the Uniform Bills of Lading Act) provides "that a mortgagee or pledgee or other holder of a bill for security who in

good faith demands or receives acceptance or payment of a draft or payment in any form of a debt for which such bill is security, whether from a party to a draft or from any other person, shall not be deemed by so doing to represent or warrant the genuineness of such bill or the quantity or quality of the goods therein described." It is sufficient justification of this section that the courts of the country are almost unanimous—and this includes the Supreme Court of the United States, the New York Court of Appeals, as well as numerous other tribunals—that the holder of the bill of lading security attached to a negotiable draft who surrenders the security upon receiving payment, is not a warrantor of the genuineness or sufficiency of the security. See *Goetz v. Bank*, 119 U. S. 551; *Springs v. Hanover National Bank*, 103 N. E. (N. Y.) 156. In view of the unanimity of decision on this point, argument as to its justness would be superfluous.

It is further contended (brief pages 37 et seq.) that if full negotiability were given to the bill of lading, the curious result would be that of "sending two negotiable instruments in one transaction when in fact but one (the draft or note) is negotiable and the other (the bill of lading) is the collateral;" that this is unsound, as would be readily seen if applied to other collateral such as a certificate of stock; that the bill of lading is intended to serve as a collateral to accompany a negotiable instrument and to carry, as a muniment of title and subject to all equities, all the right of the assignor to the goods subject to the conditions thereof and no more; that this original and clear intention has yielded to a general misunderstanding in applying "negotiability" to an order bill of lading which cannot in the nature of the case carry the same incidents of negotiability as apply to a negotiable promissory note; that this is demonstrated by the fact that even though the bill of lading may be made fully negotiable, the lender would not accept it alone but would insist upon having also an accompanying negotiable draft or bill of exchange, whereas if the bill of lading was technically negotiable there would be no reason for demanding an additional draft to accompany it; that "the public, the carriers and the banks are unable to extricate themselves from the unfortunate position in which these errors of conclusion have led them" and "so intelligent a body as the Commissioners on Uniform State Laws is being inadvertently drawn into the error resultant on the failure to hold in view the incidents in the commercial transaction;" that in order therefore to correct this situation the "assignable" clause should be inserted which will make the bill of lading as good collateral as a certificate of stock and "cover every loss the public might sustain through any fault of the carrier after the shipment is received."

There appears to be a misconception in the above contention as to the nature of collateral security, for the thought is conveyed that collateral security accompanying a negotiable instrument must of necessity be non-negotiable, for otherwise, if the collateral was fully negotiable, the transfer of one negotiable instrument would suffice and there would be no necessity of transferring two negotiable instruments. But it is familiar to every one that fully negotiable paper, such as promissory notes, equally as quasi-negotiable paper such as certificates of stock, warehouse receipts and bills of lading, are daily transferred as collateral security to a negotiable promissory note given to the lender as the principal obligation. To quote from Jones on Collateral Securities (Sec. 1, 3rd Edition): "The term 'collateral security' or 'collateral' means the pledge of incorporeal property assigned or transferred and delivered by a debtor or some one for him to a creditor as security for the payment of a debt or the fulfillment of an obligation. It stands by the side of the principal obligation as an additional means to secure the payment of the debt or the fulfillment of the obligation. The terms 'collateral security' and 'collateral' are used to designate a pledge of negotiable paper, shares of corporate stock or other incorporeal personality as distinguished from a pledge of corporeal chattels. In a broad sense 'collateral security' is one side by side

with or in addition to the first or in addition to the debtor's own obligation." It is a most common practice for a borrower from a bank to make his own note and to attach as collateral the negotiable notes of his customers or others of which he is payee; or negotiable paper collateral may have various other forms and parties, such collateral carrying the obligations of persons other than those who are on the principal obligation, as additional security. The utility of negotiable paper of other parties as collateral to the principal negotiable obligation is obvious and its use in this way indicates the fallacy of the contention that collateral security must of necessity be not negotiable because if negotiable there would be no necessity for the transfer of two negotiable instruments in one transaction. A bank loans money upon a negotiable promissory note of a borrower and accepts as collateral the negotiable note of another to such borrower, indorsed by the latter, which, in the event the debt is not paid by the borrower, can be enforced against the maker free from equities between him and the indorser; equally the bank loans money to the maker of a note or draft to which is attached as collateral a document of title, such as a warehouse receipt or bill of lading deliverable to order or certificate of stock in a corporation, indorsed in blank, and upon failure of payment of the principal obligation, resort is had to the collateral. Where the collateral is a warehouse receipt or bill of lading the necessities of security require not only that the goods represented should be held by the warehouseman or carrier, according to its terms, for delivery to the holder of the document upon his order but also that where issued by an agent placed in a position of authority and intrusted with the power to issue such documents, the statement that the goods have been received and are in the possession of the warehouseman or carrier should be binding upon him as true, though in fact untrue. There are a few cases which have come before the courts involving over-issue of stock and false warehouse receipts signed by the proper officer or agent, in which the issuing corporation has been held liable upon such documents to a bona fide pledgee; but in the more numerous cases of false bills of lading the Supreme Court of the United States, as shown, has relieved the carrier on the ground that the agent in so acting has exceeded his authority, while, to the contrary, many State courts hold the carrier responsible for the representations of his agent and this principle of responsibility has been established by statute in many States.

Instead, therefore, of collateral security being non-negotiable, the necessities of trade, commerce and banking call for a policy under which such security shall have all the incidents of negotiability consistent with the nature of the particular collateral; such necessity has been recognized quite generally by the courts and instead of the Commissioners on Uniform State Laws having fallen into error in this regard, such Commission have correctly gauged the public need and in the Uniform Warehouse Receipts Act passed to date in thirty States, the Uniform Bills of Lading Act passed to date in twelve States and the Uniform Stock Transfer Act passed to date in eight States, have regulated the assignable and negotiable features of these respective documents of title with certainty and exactness in view of the requirements of the situation and with fairness to all interests.

There is no necessity, therefore, for the insertion in the order bill of lading of the "assignable" clause as a corrective and what has been already said cannot be emphasized too strongly that such an innovation would largely destroy the utility of the order bill as an instrument of credit and be most detrimental to interstate commerce.

#### **Assignability and Negotiability Should be Regulated by Law and Not by Contract.**

Furthermore, and finally, the regulation of the assignable and negotiable qualities of the order bill of lading is a subject which in any event should be

regulated by law and not by contract of the parties under the auspices of the Interstate Commerce Commission. This but follows the analogy of the law in the case of bills and notes. The maker of a note or check may make it payable to a specified person only or to order of a specified person or to bearer. In the first case the law provides it is not negotiable; in the other cases it is negotiable by indorsement and delivery or by delivery only. The law, speaking first through the law merchant and later by the Negotiable Instruments Act, provides the requisites of negotiability and the details thereof. In effect the law, operating upon the contract, declares in substance that when the maker issues his note or check payable to order or to bearer and in otherwise negotiable form he dedicates it to commerce, and when such instrument is properly transferred to a bona fide holder for value before overdue without notice, such holder can enforce the instrument against the original maker free from any defense or equity which the latter may have against the payee. While the maker of a note or check is not obliged to issue it in negotiable form to order or to bearer, and may restrict its negotiability if he chooses, it is a well-known fact that the great bulk of such instruments are issued with their negotiability unrestricted because the needs and conveniences of business require this negotiable quality. The man who issues his bank check almost invariably makes it payable to order or to bearer, for if he restricted its payment to the payee only, the latter would often be hampered and inconvenienced by an inability to further negotiate the instrument; therefore, the public generally who issue checks on banks do not restrict their negotiability and are liable to make them good in the hands of bona fide transferees even though the check has been procured by fraud or has been issued by mistake without consideration. The law, in view of the necessities of trade and business, attaches the element of negotiability to paper issued to order or to bearer and the makers of such instruments, in the great bulk of transactions, acquiesce in such rules without attempting to restrict negotiability in the instrument itself, in view of the needs of the payees to whom issued and that such paper may be acceptable in place of actual money.

Equally it seems eminently proper that the law through the courts and legislatures, as heretofore, and not the contract itself, should regulate the negotiable features of the Order bill of lading. By issuing such paper to order, whether the issue be optional or compulsory, the carrier recognizes that the instrument will not rest in the hands of the shipper until redeemed by delivery of the goods but will be transferred by him to others for value, either to a bank as collateral security for an advance of money upon his draft or directly to the party to whom the goods are shipped to induce payment of the draft, or there may be other varieties of transfer. In view of the necessity for and the actual negotiation of the instrument by the shipper, contemplated by the carrier when the Order bill is issued, various rights of third party transferees who give value for the bill attach, which in many detailed instances are and should be superior to the rights of the original shipper. To attempt to adequately and justly define and regulate these rights by a single clause or paragraph in a bill of lading would be impracticable, even were it good policy that it should be done. The Commissioners on Uniform State Laws, after years of study, numerous conferences held and hearings given to representatives of all interests, have evolved a practicable and detailed code of rules exactly defining all these rights of transferees as well as the rights and obligations of all parties to bills of lading both Straight and Order and this Uniform Bill of Lading Act as already stated has been enacted in a number of States and is now pending in Congress. This being the situation it would seem that the contention of a minority of carriers in Southern Classification Territory, not joined in by the majority of carriers throughout the country and opposed by the shippers and bankers, that the "assignable" clause above set out be inserted in the new Uniform Bill of Lading should be denied.

# OPINIONS OF GENERAL COUNSEL.

## Summary of Questions Received and Opinions Rendered to Members of the Association.

### OVERDRAWN LETTER OF CREDIT.

Illustration of a form of fraud in which, after certain drafts not drawn against letter of credit are negotiated and paid on the supposition that they are so drawn, the letter is drawn against to full amount—Where the loss falls in particular case and how bank may protect itself against such frauds.

From Kansas.—On December 2d we issued our letter of Credit No. 101 to one of our customers for \$100. Our customer took this letter down into Oklahoma and drew five checks for \$25 each on it, the first check drawn being endorsed as drawn against this letter, the letter being attached to the last check drawn and the intervening checks were not endorsed as being drawn on this letter. Did we do wrong in paying these checks without compelling the banks cashing them to endorse them as drawn against this letter of credit? If they should be returned for this endorsement should they have been protested or not? You will note that one of these checks was not endorsed upon this letter and for this reason our customer was enabled to overdraw on this letter. We would be pleased to know what position we should take in this matter and would also like to know on whom the loss would fall in a case of this kind, as we would have no recourse on our customer, he being financially irresponsible.

The letter of credit in this case (with names changed) is as follows:

No. 101. \$100

#### LETTER OF CREDIT BLANK STATE BANK

Blank, Kansas, Dec. 2, 1913

Gentlemen:

This will serve to advise you that we have opened a credit of One Hundred Dollars in favor of John Doe, whose drafts to that extent at sight upon

BLANK STATE BANK, BLANK, KANSAS we engage shall meet with due honor, if negotiated within three months from this date.

The amount of each payment must be endorsed on this letter and your negotiation of the drafts will be considered a guarantee that the requisite endorsements have been made.

You will please observe that all such drafts be drawn against our Letter of Credit No. 101.

This letter must be attached to the last draft drawn.

Yours respectfully,  
Richard Roe, Cashier

Signature of  
John Doe

On the back of the letter was endorsed three amounts of \$25 each representing three drafts drawn against the letter with the names of the cashing banks and the letter also contains the endorsement of a fourth bank which cashed the remaining \$25 draft and forwarded it with the letter. According to your statement, while the first three drafts were all endorsed on the letter, only the first one showed on the draft itself that it was drawn against the letter. In addition, an intervening overdraft of \$25 was cashed by an Oklahoma bank and paid by the drawee, the draft not showing that it was drawn against the letter and the letter itself containing no endorsement thereof.

You ask whether your bank did wrong in paying such of these drafts as did not show that they were drawn against the letter. I think so. The letter while promising payment of drafts drawn against the letter contains the following express notice: "You will please observe that all such drafts be drawn against our letter of credit No. 101." While this might be made

stronger, there is ground for the contention that it is sufficient to limit the obligation of the bank to pay such drafts only as indicate on the draft itself that they are drawn against the letter. Whether this would be so construed or not the bank, in any event, for its own protection, should have refused payment of a draft not showing that it was drawn against the letter and sent the same back; then if actually drawn against the letter and that fact was thereupon stated or guaranteed by the cashing bank, the draft could safely be paid. As to protest of a draft not showing that it was drawn against the letter before sending it back, I think the draft should be treated in the same way with respect to protest as any draft drawn upon you generally. The draft not showing that it is drawn against a letter of credit fund would I think be subject to protest where there were no funds to the general credit of the drawer although protest might not be strictly necessary where the draft came direct from the payee. But there might be cases of such a draft showing on its face that it was drawn in another state which had been negotiated by the payee bank to another before presentment where protest would be necessary in the interest of the indorsee to hold the indorser liable.

You ask how you can make your position secure in connection with these letters of credit; also where the loss would fall in a case of this kind, your customer not being financially responsible. The loss in the present case will fall upon your bank unless you can prove that the \$25 overdraft was drawn against the letter to the knowledge of the cashing bank and that bank failed to endorse it on the letter. The letter expressly provides that "the amount of each payment must be endorsed on this letter and your negotiation of the drafts will be considered a guarantee that the requisite endorsements have been made." In such a case you could hold the cashing bank upon this guarantee. But assuming the overdraft was cashed by the Oklahoma bank without any knowledge of the letter, its payment by you would be a finality and not recoverable.

Concerning how a bank can make its position secure in connection with the issuing and payment of such letters of credit, the fraud practiced in this case is not new. I will take the liberty of quoting from an address which I made to the members of the Kansas Bankers' Association in 1904 reported in the printed book of proceedings for that year (page 162):

"Here is a peculiar case which came up in Missouri recently. I do not know whether any bankers here issue letters of credit in the same way: A man was buying cattle in Missouri and did not want to take the cash around with him, so he went to a bank at Carthage and bought a letter of credit for \$1,000. The bank issued the letter of credit in this form: 'To all whom it may concern: John Smith, whose name is signed hereto has authority to draw checks on this bank against this letter up to the amount of \$1,000, all amounts to be endorsed on the letter.' The holder of this letter went into an adjoining county and bought \$500 worth of cattle and gave checks therefor, the amounts of which were endorsed upon the letter of credit, and went through and were paid by the Carthage bank. He then went into a second county, drew about \$400 worth of checks and kept the letter in his pocket, and the local bank knowing nothing about the letter cashed the checks and they went on to the Carthage bank and were also paid, the latter bank taking it for granted that the last checks were also drawn against the letter of credit and leaving only \$100 still due thereon. The party then went into a third county and drew \$500 more on the face of this letter, and when those checks came up to the Bank of Carthage they refused to pay them because of insufficient funds. Suit being brought for the payment of the last checks, the Court held that the bank must pay them because they were drawn on the faith of that letter, but that the bank should not have

paid the second lot of checks, they not having been based upon the letter of credit.

"I do not know but that might happen to a bank anywhere unless they should protect themselves in this way: Require that the checks drawn against that letter shall state on their face that they are drawn against such letter, describing it, and if checks are presented not bearing such a notation, the bank need not pay them. That is a decision worth thinking over."

The weak point in connection with the payment of drafts against letters of credit which permits of such fraudulent practices, is simply that the bank which issues the letter, will occasionally pay drafts drawn by the customer which do not show on their face or back that they are drawn against the letter, the bank erroneously assuming that the draft has actually been drawn against the letter and that there has been an omission to endorse that fact on the draft. The customer realizing this, if fraudulently disposed will draw certain drafts against the letter and while a credit still remains draw one or more checks generally within the limit and negotiate these without any reference to the letter of credit, the purchaser not knowing of its existence. The customer runs little risk of criminal prosecution by so doing. If the drafts are refused payment because not drawn against the letter, his assertion is plausible that the failure to produce the letter and have the amount endorsed thereon by the cashing bank was an unintentional omission and he will thereupon proceed to give a new draft against the letter. If on the other hand, the drawee bank, as may often happen, should pay these general drafts, then the way is open for the customer to negotiate the balance remaining to be drawn upon the letter itself. The bank must pay these remaining drafts because they have been purchased on faith of the letter and the consequence is it is victimized to the extent of the drafts not drawn against the letter.

To protect the bank issuing the letter against this form of fraud, all that is necessary is that it should refuse to pay a draft which does not carry evidence that it is drawn against the letter and make the language of the letter itself strong enough to justify it in such refusal. In the particular form of letter above set out the clause designed to justify the bank in refusing payment reads—I quote it again: "You will please observe that all such drafts be drawn against our letter of credit No. 101." While this clause would indicate to a bank to whom the letter is shown that it must observe that the draft is drawn against the letter, this might be taken to mean—and it was evidently so construed in the case of two of the drafts above referred to—that when the letter was produced and the amount of the draft endorsed upon the letter, this constituted a sufficient exercise of observation that the draft was drawn against the letter without the fact being so stated on the draft itself. True the clause as it stands might be construed as limiting the promise to honor drafts to those only that showed upon their face or back that they were drawn against the letter, but this is an uncertain proposition. I think, therefore, the form of letter might be amended and improved in this regard by eliminating this particular clause and adding to the clause which reads: "We engage shall meet with due honor, if negotiated within three months from this date" the following "where such drafts show upon their face that they are drawn against letter of credit No. ...."

Under such a form of letter coupled with adherence to a rule never to pay a draft against a letter of credit unless the draft itself shows that it has been drawn against the letter, the bank would be fully protected against the form of fraud above indicated.

#### USURY LAWS OF OKLAHOMA.

Apply equally to individuals and to firms and corporations, but in the case of national banks, the penalty for usury is provided by the national and not the state law.

From Oklahoma.—Will you please give me such information as you may be in possession

of relating to the laws of Oklahoma governing the action of individuals loaning money? Whether in your knowledge the laws concerning usury relate to individuals as well as to banks and other corporations, and whether the penalty is the same or different. What I want to know is, if there is any law against individuals making loans and charging usurious rates for them? What the penalty is and all that relates to such practice. By "individual" I mean literally persons and not firms.

The Oklahoma statute in regard to the legal and contract rates of interest and actions to recover forfeiture is as follows:

Sec. 1004. "The legal rate of interest shall not exceed six per cent., in the absence of any contract as to the rate of interest, and by contract parties may agree upon any rate not to exceed ten per cent. per annum. Said rates of six and ten per cent. shall be respectively, the legal rate and the maximum contract rates of interest."

Sec. 1005. "The taking, receiving, reserving or charging a rate of interest greater than is allowed by the preceding section shall be deemed a forfeiture of twice the amount of interest which the note, bill or other evidence of debt carries with it, or which has been agreed to be paid thereon. In case a greater rate of interest has been paid, the person by whom it has been paid, or his legal representatives, may recover from the person, firm or corporation taking or receiving same, in an action in the nature of an action of debt, twice the amount of the interest so paid: Provided, such action shall be brought within two years after the maturity of such usurious contract; Provided, further, that before any suit can be brought to recover such usurious interest, the party bringing such suit must make written demand for return of such usury." (Rev. Laws Okla., Chap. 12, Art. VI, Secs. 1004, 1005). See *Peoples Bank v. Dalton*, 2 Okla. 476, tracing the history of the Oklahoma usury statute. See also *Seawell v. Hendricks*, 4 Okla. 435.

Section 1006 of this same Article provides as follows in regard to attorney's fee: "In all cases where an action is brought by any person to recover the penalty prescribed by the preceding section the prevailing party in such action shall be entitled to recover, as part of the costs, a judgment against the other party to such action for a reasonable attorney's fee in a sum not less than ten dollars, to be fixed by the court, for the use and benefit of the attorney of record of the prevailing party, together with all costs."

It will thus be seen that there is but one penalty for usury under the Oklahoma statutes, which is applicable alike to individuals, partnerships and corporations.

In the case of national banks, the Federal statute provides that they may take interest at the rate allowed by the laws of the State, except where a different rate is allowed banks organized under State laws. National banks may charge the rates allowed State banks. In Oklahoma, as seen, there is no difference in the rate applicable to persons and to banks. Concerning the penalty for usury, in the case of National banks, the National Bank Act fixes its own penalty for usury and the State statute does not apply.

The Federal statute is as follows:

"The taking, receiving, reserving or charging a rate of interest greater than is allowed by the preceding section, when knowingly done, shall be deemed a forfeiture of the entire interest which the note, bill, or other evidence of debt carries with it, or which has been agreed to be paid thereon. In case the greater rate of interest has been paid, the person by whom it has been paid, or his legal representatives, may recover back, in an action in the nature of an action of debt, twice the amount of the interest thus paid from the association taking or receiving the same; provided such action is commenced within two years from the time the usurious transaction occurred."

It will be observed that the Oklahoma statute, Section 1005, has taken the Federal statute as a model

and has made some changes. In the Federal statute there is a forfeiture of the entire interest and in the Oklahoma statute a forfeiture of twice the interest for the taking, receiving, reserving or charging of usury. Where usury has been actually paid, both statutes provide for the recovery of twice the interest so paid. In other respects the statutes are substantially similar except that there is no provision in the National Bank Act that a demand for the return of the usury is a prerequisite to suit.

#### WAIVER OF PROTEST.

The Negotiable Instruments Act provides that a waiver of protest is a waiver of presentment and notice of dishonor as well as of formal protest.

From Minnesota.—Minnesota has recently adopted the "Negotiable Instruments Act" and we are advised that an accommodation signer or endorser on a promissory note must receive notice of its nonpayment the day it matures which in most instances would mean the protest of the note. I enclose herewith form of note containing clause "The Drawers and Endorsers Severally Waive Protest and Notice of Protest." Do you consider that this clause is sufficient to protect us in failure to protest paper the day it matures?

An accommodation maker of a note is not entitled to notice of dishonor, but an accommodation endorser is so entitled. The clause on the face of the note submitted that the "drawers and endorsers severally waive protest and notice of protest" is sufficient to relieve the bank from the necessity of taking the usual steps upon dishonor. The Negotiable Instruments Act provides that "A waiver of protest, whether in the case of a foreign bill of exchange or other negotiable instrument, is deemed to be a waiver not only of a formal protest, but also of presentment and notice of dishonor," and this waiver embodied in the instrument itself is binding upon the endorser.

#### SET-OFF AGAINST BANKRUPT DEPOSITOR.

The deposit balance of a customer who has gone into bankruptcy may be set off against his indebtedness to the bank whether due or not provided his deposits have been received in usual course subject to check and not in view of his insolvency with an intention to make a preferential appropriation in reduction of his indebtedness.

From Massachusetts.—A manufacturer borrowing money from a local bank and at which bank he had an account, has gone into the hands of a trustee, and is insolvent. Can his deposit be held as an offset to his indebtedness to the bank?

The Supreme Court of the United States has held that an insolvent, by depositing money in a bank upon an open account, subject to check, does not thereby make a transfer of property amounting to a preference under the Bankrupt Act (Section 68) which will deprive the bank of its right (under Section 68a) to set off the amount of such deposit remaining to the depositor's credit on the date of his adjudication in bankruptcy and to prove its claim against the bankrupt estate for the balance. *New York County National Bank v. Massey*, 192 U. S. 138. See also *Habegger v. First National Bank*, 94 Minn. 445, in which the court, following the *Massey* case, holds that money deposited in a bank in due course of business by an insolvent within four months of the time he is adjudged a bankrupt is not a transfer of property amounting to a preference within the meaning of the Bankrupt Act and the bank may apply the amount of such deposit upon a debt due from the insolvent.

Even although the debt of the bankrupt is not due, the right of set-off exists. See *Frank v. Mercantile National Bank*, 182 N. Y. 264, wherein it was held that under the National Bankrupt Law a bank owning an unmatured note of the bankrupt can set it off

against his deposit. In this case the trustee in bankruptcy brought an action against a bank to recover the bankrupt's deposit. The bank set off certain notes of the bankrupt, owned by it, which had not matured before the adjudication in bankruptcy. The court held that the set-off was allowed by Section 68a and Section 68a1 of the Bankrupt Law. As unmatured claims are proveable against the estate (Section 63) they are necessarily the subject of set-off (Section 68).

It has been held by the Supreme Court of Massachusetts that a bank cannot set off a depositor's unmatured notes against his deposit upon the insolvency of the depositor. *Wiley v. Bunkerhill National Bank*, 183 Mass. 495. But in that case there had been no proceedings in bankruptcy and the case was one where the bank after examining a statement of the depositor's assets and liabilities which had been prepared, from which it appeared that his liabilities exceeded his assets, decided that he was insolvent and refused to honor checks which he had previously given, claiming the right to set off the unmatured notes against the deposit. The court held that under the judicial law of Massachusetts there was no right in equity to make the set-off but it said: "If proceedings in insolvency or bankruptcy had been instituted by or against the plaintiff (depositor) at or before the presentment of the checks or even if the plaintiff had made an assignment at common law for the benefit of his creditors, the case would no doubt have stood differently."

I have cited the above authorities at some length that your bank may clearly understand its rights. You say that your depositor has gone into the hands of a trustee and is insolvent. I assume from this that he has been adjudicated a bankrupt under the National Bankrupt Act. This being the case, the decisions under the Bankrupt Act indicate that you can set off his deposit against his indebtedness to the bank whether the same is due or not and if there is any balance in your favor prove the same against his estate and that such an appropriation of the deposit would not be a preference under the Bankrupt Act.

A recent case, *Re Percy Ford Co.*, 199 Fed. 334, decided by the District Court D. Mass., in 1911, indicates a state of facts where a bank might be denied the right to set off the bankrupt's deposit against his indebtedness, namely, where a bank receives the deposit with knowledge of the bankrupt's insolvency without creating an obligation on the part of the bank to repay it upon checks against the general account but with the intent on the bank's part to accumulate such funds for its own ultimate security as holder of the depositor's notes. In the case cited, such an intent was not shown and the set-off was allowed but the court intimated that if such a state of facts existed, the deposit would be held a preference and preclude the bank from offsetting it against the bankrupt's debt on the notes. But in any case where the deposits are made in general account subject to check and nothing further appears showing that the deposits are made as a preference not subject to withdrawal, the bank's right to set off the balance against the depositor's notes upon his bankruptcy is clear.

#### SET-OFF AGAINST INSOLVENT DEPOSITOR.

Bank can apply deposit against customer's matured note and in case of his bankruptcy can set off deposit against bankrupt's indebtedness to it, matured or unmatured, proving claim against estate for balance.

From New York.—Some time ago we loaned a customer of ours on his personal note. This money was placed to his credit and about seventy-five per cent. of same has been drawn out. He is now in financial difficulties and threatened with bankruptcy proceedings. We have been unable to obtain a new note less the amount which is still remaining here of the original loan, although there has been a verbal understanding that the same would not be drawn against, at least for the time being. Are we right in our understanding that if this party goes into bankruptcy, we have a prior claim against this approximately twenty-five per

cent, which is still here? He has never made any other deposit with us in his personal account and this money is, of course, a part of the original loan. We claim that under the circumstances we have a prior lien upon this against the creditors even in bankruptcy proceedings and that before that we could enforce our claim for a renewal less the amount of the deposit.

In the case stated, the note of your customer as I understand has matured and, being unpaid, you have a right at once to apply the deposit in partial satisfaction thereof, looking to him for the balance of the indebtedness. *Falkland v. Bank*, 84 N. Y. 145.

If proceedings in bankruptcy are brought against your customer you have a right of set-off, in other words a prior lien upon the deposit under the provisions of the Bankruptcy Act and can prove your claim for the balance against his estate and this would be so even though the note was not due. *New York County National Bank v. Massey*, 192 U. S. 138; *Re George M. Hill Co.*, 130 Fed. 315. In some cases the right of banks to set off deposits made within four months of bankruptcy proceedings against notes of the bankrupt held by the bank has been attacked upon the ground that such deposits were not made in the usual course of business, subject to checks, but were intended as preferential transfers in reduction of indebtedness, not to be drawn against. But no such claim of preference is possible under the circumstances of your case.

#### CERTIFICATION OF FORGED CHECK AND LIMITED CERTIFICATION.

Respective rights and liabilities of parties in case of an outstanding certified check claimed by drawer to be a forgery—Utility and legal effect of form of certification "good if presented within five days" and rights of holder where check not presented within five day period.

From Pennsylvania.—Here is a tangle which I would appreciate your solving for me. A check was presented to our teller for certification for \$196 apparently signed by our customer A and payable to B who was unknown to us. Our teller certified the check and charged A's account. Several days later A's book was balanced and he then brings in the charge slip and said he never issued such a check. This transaction happened two months ago and the peculiar part is that the certified check has never been presented for payment. We have refused to reimburse A's account until the check appeared on the scene notwithstanding his claim that it is a forgery. We have loaned him upon the endorsement of his mother, a widow with property, sufficient to cover the amount involved and have agreed to refund interest paid on note, provided the check turns up and is a forgery. A has been rather persistent recently about the matter and has threatened to bring suit but our intention is to stand pat. Should the check be presented and turn out to be a forgery would our action in returning unpaid be upheld by reason of our certification stamp? Should we send out a notice, broadcast, informing all banks that this check is a forgery and that payment will be refused?

Since this check was certified we have changed our certification stamp to read "Good if presented within 5 days," with a place for date of certification. Is a conditional certification like this valid; could we refuse payment if check was presented after five days?

I would be glad to have your opinion on this case. If this check is a forgery of which we are not at all sure, we want to save ourselves from loss, if possible.

1. As between your bank and your customer, assuming this check which you have certified remains outstanding, I think you would be ultimately held liable to him for the amount of the deposit repre-

sented by the check upon his claim that it is a forgery without receiving indemnity from him. If he should take the case to court in an action for the deposit his positive testimony of the forgery would in the mind of a jury probably outweigh the presumption of genuineness arising from the fact of certification.

2. As between your bank and the holder of the check. (a) If the check is afterwards presented and the drawer's signature should prove to be genuine, your bank would be obligated to pay it to a bona fide holder and if, before such presentment, you have paid over the amount to the drawer upon his claim of forgery, either upon his affidavit of forgery or because of his testimony that it was forged in an action by him against you for the amount, you would of course have recourse upon your depositor in a civil action and he would also incur a criminal liability for perjury. (b) If the check, certified by you, should upon presentment prove to bear a forgery of the drawer's signature, the general rule is that the bank is bound to know the signature of its depositors and if it accepts or pays a check upon which his signature has been forged it can neither repudiate the acceptance nor recover the money paid. This was the law in Pennsylvania until changed by statute in 1849 and it has recently been held in your State that the statute of 1849 is still law and has not been repealed by the Negotiable Instruments Act. The Act of 1849 provides in substance that when money has been received by the holder of a bill or check from the payor whereon the signature of the drawer has been forged, the payor is entitled to recover back the money so paid. In *Iron City Nat. Bank v. Fort Pitt Bank*, 159 Pa. 46, your Supreme Court said: "The result of the Act of 1849, and the cases upon this subject, is that the mere acceptance or payment of forged paper is no longer, of itself, a bar to the recovery of the money by the party paying, even though it be a bank or other drawee. Nor is such party absolutely bound, as at common law, to discover and give notice of the forgery on the very day of payment. All that he need do, in any case, is to give notice promptly according to the circumstances and the usage of the business and, unless the position of the party receiving the money has been altered for the worse in the meantime, it would seem that the date of notice is not material. But, on the other hand, the statute does not dispense with the necessity of care and diligence on the part of the payor, nor exempt him from the consequences of his own negligence, if thereby loss would accrue to the other party." Under the Act of 1849, therefore, it would seem that a bank certifying a forged check is not absolutely bound upon its certification to a bona fide holder unless the bank has been negligent in discovering the forgery and giving notification and the holder has been prejudiced by the delay. Just what diligence would be required in the matter of notice in your particular case is somewhat problematical as you do not know the holder for whom you certified the check and furthermore, he may have negotiated it to someone else. Probably as you suggest, a general notice, sent out broadcast, informing banks to whom the check might be negotiated that it was a forgery and that payment would be refused, would be sufficient.

3. The danger to banks from a possible form of fraud wherein a depositor after issuing his check to a confederate who procures its certification, claims forgery and obtains the amount from the bank, after which the check is negotiated to a bona fide holder, suggests the utility of a form of certification, as designed by you "good if presented within five days." You ask whether such a conditional certification would be valid and whether the bank could refuse payment if the check was presented after five days. I see no reason why such form of certification would not be valid but certain interesting questions might arise as to its legal effect where the check was not presented until five days after certification. The Negotiable Instruments Act provides:

187. "Where a check is certified by the bank upon which it is drawn, the certification is equivalent to an acceptance."

188. "Where the holder of a check procures it

to be accepted or certified, the drawer and all endorser are discharged from liability thereon."

141. "An acceptance is qualified which is (1) conditional, that is to say, which makes payment by the acceptor dependent upon the fulfillment of a condition therein stated . . . (4) qualified as to time . . ."

142. " . . . Where a qualified acceptance is taken, the drawer and endorser are discharged from liability on the bill, unless they have expressly or impliedly authorized the holder to take a qualified acceptance, or subsequently assent thereto. When the drawer or an endorser receives notice of a qualified acceptance, he must, within a reasonable time, express his dissent to the holder, or he will be deemed to have assented thereto."

From the above it would seem that where the holder of a check presents it to the bank and instead of receiving payment takes a conditional or qualified acceptance the drawer and prior endorser are discharged from liability unless they have authorized or subsequently assented thereto. The holder taking a certification good only for five days would, therefore, in all ordinary cases discharge the drawer from liability and his sole recourse would be upon the bank. But assume, as might happen in many cases, that there was delay in presenting the certified check for more than five days after certification. The bank, according to the strict terms of its contract of certification, is no longer liable. What, then, would be the holder's rights, if any? This is the uncertain question which would arise in any such case and it is purely speculative to reason out in advance what the courts would hold. Assuming the holder has given value for the check in the first instance, the courts doubtless would afford him some remedy although this might not be upon the check itself as the drawer has been discharged and the bank is no longer obligated thereon. If after the fifth day, the bank has credited the amount back to the drawer's account whether or not the latter has withdrawn it, the drawer might be held liable as constructive trustee, having received money rightfully belonging to the holder of the check or the drawer might be held liable to the holder in an action of assumpsit for money received without consideration as to which the law would raise an implied promise to pay. In a case where, after five days, the bank still retained the money without crediting it back to the drawer, it might incur a liability to the holder on similar grounds. But I think in any case where the bank credited the money to the drawer after the expiration of the period of certification, it would be relieved from liability and whatever recourse the holder would have would be solely against the drawer. If this reasoning is correct—and it must be remembered we are dealing with a question that has never yet been presented to the courts—the limited form of certification "good if presented within five days" would seem to have utility as a method of protecting the bank against fraud in a case such as above indicated.

#### SLANDER OF BANK.

Slander or oral defamation is not a crime at common law and a person uttering derogatory and untrue statements affecting the solvency of a bank cannot be punished criminally in the absence of a statute making such offense a crime.—The "Derogatory Statement" act drafted on behalf of this Association has been enacted in a number of States but not, as yet, in Tennessee.

From Tennessee.—Please advise whether or not a person can be prosecuted criminally in this State for making utterance of a derogatory and untrue statement about the solvency of a bank. For instance, where the party tells one or more of the bank's customers that it is in bad shape, thereby causing the depositors to become frightened and to withdraw their funds, there being absolutely no foundation for the statement. And is there any Federal statute under which the Government would handle such cases, the derogatory

statement being with reference to a National bank? We are advised that a civil suit could be maintained for slander but wish to know if criminal action could also be had, and what the penalty is.

There is no statute in your State under which a person can be prosecuted criminally for uttering a derogatory and untrue statement about the solvency of a bank. The following form of statute, drafted by General Counsel in 1907, was designed to punish just this class of offenders:

"Any person who shall wilfully and maliciously make, circulate or transmit to another or others any statement, rumor or suggestion, written, printed or by word of mouth, which is directly or by inference derogatory to the financial condition or affects the solvency or financial standing of any bank, savings bank, banking institution or trust company doing business in this State, or who shall counsel, aid, procure, or induce another to start, transmit or circulate any such statement or rumor, shall be guilty of a (felony or misdemeanor), and upon conviction thereof, shall be punished by a fine of not more than five thousand dollars or by imprisonment for a term of not more than five years, or both."

The above has already been enacted in about a dozen states either in the same form or by insertion therein of an additional requirement that the statement is "untrue in fact" as well as being malicious. It has not yet been enacted in Tennessee nor is there any Federal statute which would especially protect a National bank against slander or oral defamation.

Slander is not a crime at common law, *State v. Wakefield*, 8 Mo. App. 11; *Bailey v. Dean*, 5 Barb. (N. Y.) 297, holding that slander is not, like libel, an indictable offense, but in some jurisdictions statutes have been passed making certain slanderous charges criminal offenses. See statutes of Ark., Mich., Mo., Vt.

As slander has never been held to be an indictable offense at common law and as the legislature of Tennessee has never enacted any statute punishing the utterance of derogatory statements affecting banks, it follows there can be no successful criminal prosecution of a person who slanders a bank by uttering derogatory and untrue statements about its solvency. Of course, if the statements were in writing or print and published, so as to constitute libel, the case would be different. See, for example, *Ohio & M. Ry. Co. v. Press Pub. Co.*, 48 Fed. 206, where it was held that a corporation, though an artificial person, may maintain an action for libel; certainly for language concerning it in the trade or occupation which it carries on. (Citing *Insurance Co. v. Perrine*, 23 N. J. L. 402; *Mutual Reserve etc. Co. v. Spectator Co.*, 50 N. Y. Super. Ct. 402; *Omnibus Co. v. Hawkins*, 4 Hurl. & N. 87, 146; *Bank v. Thompson*, 18 Abb. Fr. 413.)

#### LOAN TO BANK ON CASHIER'S PERSONAL NOTE WITH COLLATERAL.

Question considered whether bank liable on personal note of cashier where proceeds placed to its credit —Where collateral consists of notes with payee blank unfilled, lender bank is put on inquiry and takes subject to makers' defenses.

From Nebraska.—One of our bank correspondents sends in a personal note of the cashier, on three months' time, payable to us. With it he sends in customers' notes as collateral, but the customers' notes are to "blank," no payee being mentioned. (1) In the event of trouble, would there be any legal defense by the makers of these collateral notes on the ground that there was no payee mentioned? (2) The proceeds of the transaction go to the credit of the bank sending them in. Would the bank in such case be liable? You understand the note, while given by the cashier, is not an official note but is signed by him personally.

1. Under the Negotiable Instruments Act, which changes the rule of the common law in this respect, one who takes for value a negotiable instrument with blanks unfilled, such, for example, as the payee blank, is put upon inquiry as to the authority of the person who transfers the instrument. *Guerrant v. Guerrant*, 7 Va. Law Reg. 639. Consequently notes tendered to your bank with the payee blank unfilled should not be accepted as collateral because they would be subject to any defense which the makers might interpose.

2. Where your bank discounts the personal note of the cashier of another bank, with collateral attached, placing the proceeds to the credit of such other bank, there might be some doubt whether you could hold such other bank liable on the note. Without taking time to go into the authorities exhaustively on this proposition, I will simply cite two cases which will be sufficient to indicate the different ways in which such a transaction might work out, according to the facts of the particular case. In *Chrystie v. Foster*, 61 Fed. 551, the president of Bank A procured Bank B to discount his individual note, credit the amount to Bank A and notify such bank that the amount had been deposited to their credit. After such notice Bank A allowed the president to overdraw his personal account. While such account was overdrawn the president in his official character authorized Bank B to charge the note to the account of Bank A and Bank B did so. In a suit by the receiver of Bank A to recover the deposit it was held that Bank B was liable and that as the president had no express authority from Bank A to authorize Bank B to charge the note against Bank A, the authorization given by the president was not a defense to the claim. But in *Pensacola Bank & Trust Co. v. Nat. Bank of St. Petersburg*, 52 So. (Fla.) 294, the following facts led to a different result: S., the cashier of P. bank, wrote the cashier of the St. P. bank enclosing his own note for \$5,000 accompanied by good collateral and requested that his note be discounted and the proceeds placed to the credit of the P. bank. This was done, and on September 11, 1907, at the request of S., this note was charged up to the P. bank and the collateral returned to it. Regular monthly statements showing these and all other transactions were sent by the St. P. bank to the P. bank, and no objection to the charging of S.'s note to the P. bank was made until the latter part of November, 1907. In a suit by the P. bank against the St. P. bank to recover the amount of the \$5,000 note of S. which was charged up to the P. bank, it was held that under this statement of facts the P. bank was not entitled to recover.

The Florida court in the last stated case differentiated the facts from those in *Chrystie v. Foster*, supra, pointing out that in the *Chrystie* case the defendant bank knew that the president of Bank A was representing himself and not his bank and that the object of the transaction was to give such president a personal credit with Bank A. In the Florida case, to the contrary, the evidence did not show that the St. P. bank knew or had reason to believe that S. was acting for himself in having his personal note discounted and placed to the credit of his bank and the court said: "The most rational conclusion to be placed on this act was that he was acting for his bank and lending it his personal credit to keep up the balance of \$5,000 to the credit of his bank with the St. Petersburg Bank as he had promised to do. There was nothing to indicate to the latter bank, so far as we can discover, that Scudamore was making this transaction a basis for taking money out of the Pensacola Bank, or of getting personal credit with it. It is clear from the evidence that no officer of the Pensacola Bank ever gave the St. Petersburg Bank any such information either by letter, statement, or otherwise, until some time after the Scudamore note had been charged to the Pensacola Bank, and this note with its collateral security had been returned to the Pensacola Bank, or its cashier, and the money derived from its discount had been paid out on the order of the Pensacola Bank, and a statement rendered showing these facts, and no timely objection was made to the transaction."

Without pursuing an examination of the authorities further, while doubtless in many cases the discounting of the personal note of the cashier of another

bank and credit of the proceeds to such bank would be held a transaction with the bank and binding on it, still there is always more or less danger in such transactions and when paper is rediscounted for a bank, it is doubtless safer to have the bank's official note rather than the personal note of its cashier.

#### PAYMENT OF DECEDENT'S DEPOSIT.

**Death of a depositor revokes his outstanding checks and all authority to others to draw checks upon his account—But by statute in California, not exceeding \$500 of a decedent's deposit may be paid to surviving wife or husband upon affidavit.**

From California.—We would like to ask your opinion in regard to the following legal questions upon which we have heard several opinions: John Doe has an account with this bank. He has authorized his wife to also draw against the account. Last Tuesday he was stricken with heart trouble and died very suddenly and left less than \$500 to his credit. Can his wife draw checks against the account in the usual manner, or will an affidavit have to be signed by his wife showing that she is the next heir to the money? In case there was more than \$500 left to his credit at the time of his death, could his wife draw out the money or would it have to be placed in the hands of an administrator? In case he drew checks prior to his death and they were not turned into this bank until after his death, would the fact that he is dead act as a stop-payment on all his outstanding checks? Kindly apply the laws of the State of California to the above questions.

Upon the death of John Doe his widow cannot thereafter draw checks in the usual manner upon the authority previously given, his death operating to revoke such authority to draw checks upon his account; but the deposit being less than \$500 she can obtain the money upon affidavit as prescribed by the California statute.

Section 16 of the Bank Act of California provides that "The surviving husband or wife . . . of any deceased person . . . may without procuring letters of administration collect of any bank any sum which said deceased may have left on deposit in such bank at the time of his or her death, provided such deposit shall not exceed the sum of five hundred dollars. Any bank upon receiving an affidavit stating that said depositor is dead and that affiant is the surviving husband or wife . . . of said decedent . . . and that the whole amount that decedent left on deposit in any and all banks of deposit of this State does not exceed the sum of five hundred dollars may pay to said affiant . . . any deposit of said decedent if the same does not exceed the sum of five hundred dollars and the receipt of such affiant is sufficient acquittance therefor. . . ."

The above section indicates clearly the method by which the widow can obtain the deposit less than \$500 without the necessity of letters of administration.

You ask if there was more than \$500, could the widow draw out the money or would the bank have to pay it to the administrator of the decedent. In such case \$500 could be paid to the widow upon affidavit but for the excess, letters of administration would have to be taken out.

You further ask whether the death of John Doe operates to revoke his outstanding checks. Such is the universal rule in the absence of statute. See, for example, *Pullen v. Placer County Bank*, 138 Cal. 169, in which your Supreme Court holds that the death of the drawer of a check revokes the authority of the bank to pay and that payment by the bank after notice of the drawer's death does not relieve it from liability for the amount to the depositor's estate. In a few States, statutes have been enacted conferring authority on banks to pay checks within a limited period after the death of the drawer but I do not find any such statute in California.



# PROTECTIVE DEPARTMENT



**L.W. GAMMON**

**MANAGER**

## OFFICES OF THE WILLIAM J. BURNS INTERNATIONAL DETECTIVE AGENCY, INC.

CALIFORNIA, LOS ANGELES.—Walter P. Story Building.  
CALIFORNIA, SAN FRANCISCO.—First National Bank Building.  
COLORADO, DENVER.—First National Bank Building.  
GEORGIA, ATLANTA.—Empire Life Building.  
ILLINOIS, CHICAGO.—Transportation Building.  
LOUISIANA, NEW ORLEANS.—Whitney Central Building.  
MARYLAND, BALTIMORE.—Munsey Building.  
MASSACHUSETTS, BOSTON.—201 Devonshire Street.  
MICHIGAN, DETROIT.—Dime Savings Bank Building.  
MINNESOTA, MINNEAPOLIS.—McKnight Building.  
MINNESOTA, ST. PAUL.—New York Life Building.  
MISSOURI, KANSAS CITY.—Midland Building.  
MISSOURI, ST. LOUIS.—Frisco Building.  
NEW YORK, BUFFALO.—White Building.  
NEW YORK, NEW YORK CITY.—Woolworth Building.

OHIO, CLEVELAND.—Rockefeller Building.  
OREGON, PORTLAND.—Yeon Building.  
PENNSYLVANIA, PHILADELPHIA.—New Stock Exchange Building.  
PENNSYLVANIA, PITTSBURGH.—Commonwealth Building.  
TEXAS, HOUSTON.—Union National Bank Building.  
WASHINGTON, SEATTLE.—Hinckley Block.

## FOREIGN OFFICES OF THE WILLIAM J. BURNS INTERNATIONAL DETECTIVE AGENCY, INC.

ENGLAND, LONDON, W.—Crown Chambers, 5 Regent St.  
FRANCE, PARIS.—16-17 Rue Auber.  
BELGIUM, BRUSSELS.—4 Passage des Postes, No. 6 Boulevard Anspach.

## CORRESPONDENT OF THE WILLIAM J. BURNS INTERNATIONAL DETECTIVE AGENCY, INC.

IOWA, DES MOINES.—The Gus. J. Patek Detective Agency, 515 Mulberry Street.

THE following is a report for the month of January, 1914, pertaining to the work of the Protective Department:

A party going under the names of HUGO NATHAN and Louis Nathan, is being sought by our detective agents for having defrauded a bank member in Little Rock, Ark., by means of a worthless check. He passed checks also in St. Louis and other cities. A warrant for his arrest is in the hands of the Chief of Police, Little Rock, Ark.

Nathan's method is to enter a town, pretend he is to go in business, and calling at a bank, informs them he wants to transfer his account from another city. He deposits a check for collection. He manages to get a check cashed and uses his check book to draw checks which he gives to hotels, merchants and others.

Nathan is described as follows: Age, 30 years; height, 5 feet 10 or 11 inches; weight, 170 pounds; complexion, medium; hair, dark; eyes, dark; German Jew; fluent talker. The Arkansas Bankers' Association is co-operating in this matter with this Association.

A specimen of his handwriting is reproduced below.

*Hugo Nathan 650/100 7/100*

B. L. WILTON is being sought by the Sheriff of Stockton, Cal., on a charge of forgery, it being alleged that Wilton, while employed on a ranch in the near vicinity of Stockton, on January 7, 1914, forged the name of his employer to several checks and cashed them. Wilton, when not engaged to do farm work, follows the occupation of a brakeman. His description is as follows: Age, 35 to 40 years; height, 6 feet; weight, 180 pounds; complexion, dark; hair, brown; eyes, brown; smooth shaven; rather long face; talks with Southern accent.

A young farmer, named I. CLAUD DAVIS, negotiated a note bearing the forged endorsement of his uncle on a bank member in Macon, Ga. A warrant was issued for his arrest in Macon, Ga., and our detective agents are endeavoring to apprehend him. He is described as follows: Age, 21 years; height, 5 feet 9 inches; weight, 135 pounds; complexion, very fair; eyes, light.

The name of the Empson Packing Company, Longmont, Col., was forged to a check drawn on a bank in Denver, Col. It was made payable to J. W. WHITE. White succeeded in obtaining the cash on the check from a bank member in Denver, for the assistant paying teller knew that White had worked for the Empson Company. Judge Stapleton of Denver, Col., issued a warrant for the arrest of White on a charge of forgery. White is described as follows: Age, 27 years; height, 5 feet 10 inches; weight, 160 pounds; hair, sandy; eyes, blue.



A dangerous bogus check operator has recently been working in a number of eastern States. A copy of one of the checks used by this man is reproduced above. It appears that this operator has passed a number of these checks on various hotels and member banks should be careful about cashing any checks for this person, who evidently had this counterfeit check printed. He used the names of C. H. BURREWS and C. H. Sanders. He is described as follows: Age, 30 to 35 years; height, 5 feet 9 inches; weight, 150 pounds; build, slender; complexion, light; hair, medium dark.

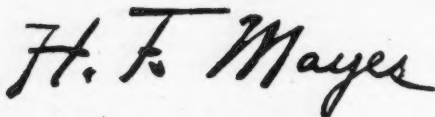
A member bank of Chicago reports a loss through two forged checks by SOPHUS HANSEN, who evidently purloined the checks from his employer, a depositor in the bank. Hansen forged the signature of his employer and succeeded in passing these checks. He is described as follows: Age, about 25 years; height, 5 feet 8 inches; weight, 160 to 170 pounds; build, stout; complexion, light; hair, light, near blonde; eyes, blue; smooth shaven; is a salesman and speaks with a decided Danish accent. Wore black derby hat and dark suit.

A person using the name of H. F. MAYES operated during the latter part of December, 1913, with bogus cashier's checks which he had evidently had printed, according to his own direction, because of the fact that these checks were printed on a cheap quality of paper and the name of the bank used on this draft had been discontinued for six months prior to the issuance of these checks.

These checks were drawn in favor of H. F. Mayes in sums of \$25 each on the Drovers Deposit National Bank, Chicago, Ill., in the left hand corner of which was the notation "Cashier's Check, payable through Chicago Clearing House," and signed "George M. Benedict, Cashier," this form of check having been discontinued for several months. No bank lost through this man's operations.

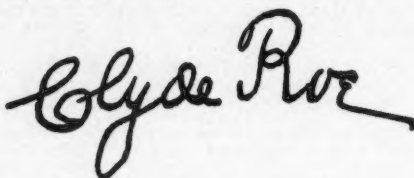
Mayes is described as follows: Age, 25 years; height, 5 feet 10 inches; weight, 155 pounds; build, medium; complexion, medium dark; hair, medium dark; smooth shaven; of very gentlemanly appearance; long face and rather prominent cheek bones.

Members should be on the lookout for a man of this description operating with fraudulent or bogus checks. A sample of his handwriting is reproduced below.



A member bank in Dixon, Ill., reports a loss by the forgery of the signature of one of their customers, by a man giving his name as CLYDE ROE. The matter was reported to our detective representatives and their investigation develops the fact that Roe is a farmhand who had been employed by a farmer living in the vicinity of Dixon, Ill. After working for several months for this farmer, he was paid off and left for Dixon. After staying in Dixon for a few days he presented a check at the bank, remarking at the same time that this cleared him up. Roe appeared at the bank during the rush hour on Saturday and the check was cashed. After cashing another check at a clothing store in Dixon, he disappeared and his forgeries were not discovered until several days later.

A warrant for this man's arrest has been placed in the hands of the Sheriff at Dixon, Ill., and should he appear at any member bank, the authorities should be immediately notified and his arrest effected. He is described as follows: Clyde Roe, alias Boland alias Bolton; Age, 50 years; height, 5 feet 7 inches; weight, 190 pounds; build, heavy, inclined to be corpulent; complexion, dark; eyes, dark; hair, dark brown; smooth shaven; hook nose, very large; dark suit, probably wearing brown sweater jacket; has a rough appearance, that of a farm hand. A specimen of his handwriting appears below.



Mr. P. W. Hall, Secretary of the Iowa Bankers' Association, reports the operations of a person using the name of RAYMOND MONDAY, who succeeded in passing a raised check on a bank which is not a member of this Association. Monday is described as follows: Age, about 30 years; height, 6 feet 3 inches; build, slender; complexion, fair; hair, brown, nearly

bald; eyes, blue; very prominent cheek bones; talks with English accent.

A man using the name EDWARD L. WALSH and representing himself to be a conductor on the Wabash R. R., recently entered a hardware store in Springfield, Ill., and bought a \$65 range. He offered to pay \$50 down and instructed that the stove be sent to his wife at a given address in Springfield, giving in payment a check for \$76.50 drawn on a Lincoln, Ill., membership bank, payable to Edward L. Walsh and signed John Regner.

This check was returned from the bank marked, "No Funds" and it was subsequently learned that Walsh, a conductor on the Wabash R. R., does reside at the given address in Springfield but is not the man who presented the check in question. This man is described as follows: 40 to 45 years old; medium height and weight; sallow complexion; large protruding eyes; dark and heavy hair; very well dressed; looked like a hard drinker.

On January 3, 1914, a member bank of Terre Haute, Ind., advised a loss by fraudulent check of the Indiana Rubber and Insulated Wire Co., drawn on a bank member of Chicago, and made payable to C. R. Howard. The check was signed for the company by W. J. Ross, Secretary.

The matter was immediately reported to our detective agents who at once detailed an investigator on the matter and it was soon determined that the operator in this case was none other than C. WOOD alias C. Ware, and various other aliases, mentioned in the JOURNAL-BULLETIN for July, 1910 page 165; November, 1910, page 308; February, 1911, page 471; July, 1911, page 38; April, 1912, page 624; April, 1913, pages 677 and 678, May, 1913, page 765; September, 1913, page 222; November, 1913, page 382 and January, 1914, page 519. The description and mode of operation together with the handwriting of this notorious swindler were shown in a number of instances in our JOURNAL-BULLETIN.

Mr. P. W. Hall, Secretary of the Iowa Bankers' Association advised that a party giving the names P. J. CORCORAN and C. D. Boyce called at a bank member at Davenport, Ia., and deposited a bogus draft for \$650 purporting to have been drawn by the Irving Cigar Co., on a bank member at Chicago, Ill. It is stated that this party represented that he was going to open a mercantile and collection office in Davenport and endeavored to secure \$200 from the bank, but failed; however, on that same evening he cashed a check for \$52 at one of the local stores.

It is stated that he has been operating in Minneapolis and other points. The description given by the officials of the Davenport bank is as follows: Age, 28 to 30 years; hair, very light sandy; wore dark overcoat with astrakan collar and white silk muffler.

No bank member has been defrauded so far, as we have been able to learn. However, member banks should be on the lookout for a person of this description and operating in this manner.

It is reported by a member bank of Muscatine, Iowa, that a party using the name of JAMES W. WILSON passed a forged draft on them purporting to have been issued by the Rockford National Bank of Rockford, Ill., and drawn on the First National Bank of Chicago.

The criminal entered the bank on December 19, 1913, claiming that he was employed by a farmer living a few miles out in the country and that he wanted to open a savings account. He deposited \$5 in cash and several days later returned and deposited a draft for \$2 and on December 31st, he deposited a draft in the sum of \$243.50, as above described. Later he returned and drew against the account.

A few days later he deposited with a non-member bank of this Association, but a member of the Iowa Bankers' Association, a draft of the same kind, after having previously proceeded in the same manner as in Muscatine, representing himself to be a

farm hand and that he desired to purchase a horse, drawing the check against his account.

This man is described as follows: Age, 30 years; height, 5 feet 6 or 8 inches; weight, about 150 pounds; slender build; complexion, light; hair, brown, parted far back on his head; sickly look.

This operator had evidently stolen these checks from the Rockford National Bank of Rockford, Ill., which were originally counter checks, however, he had printed on them with a rubber stamp, in the lower left hand corner of the check: "To the First National Bank, Chicago, Ill.," and on the lower right hand corner had signed the name of the cashier of the Rockford National, printing the word "cashier" underneath this signature, which made the check a bank draft in appearance. Wilson also succeeded in defrauding a clothing store in Muscatine with one of these bogus drafts in the sum of \$23. The Iowa Bankers' Association is co-operating with this Association in this matter.



W. F. PURDY, JR.

Two reproductions of photographs of W. F. Purdy, Jr., appear above. He is wanted for embezzling funds of a bank member at Bandana, Ky. He is described as follows: Age, about 36 years; height, about 6 feet; complexion, light; hair, light and very thin, almost bald; a very high forehead; weight, about 160 pounds; in walking he makes a very long stride; smooth shaven. He writes a good hand and is an expert accountant and bookkeeper, and is likely to be found working in some office. He has always worn glasses.

A reward of \$500 is offered for his arrest and delivery to the jailer at Ballard County, Kentucky, before March 11, 1914.

We are advised that a party representing himself as R. MOWATT of the A. M. Collins Manufacturing Company of Philadelphia, Pa., cashed a draft at a bank member at Owensboro, Ky. The draft was returned by the Philadelphia firm unhonored and the Owensboro bank advised that Mowatt is not a representative of the Collins Company.

A bank member in Alexandria, La., was defrauded during the second week in January, 1914, by means of a forged check and our detective agents are now looking for A. J. MURPHY, the alleged forger in the case. He is described as follows: Age, 43 years; height, 5 feet 8 inches; weight, 130 pounds; build, medium; smooth shaven; good talker; face slightly wrinkled. A specimen of his handwriting is reproduced below.

*A J Murphy*  
293

Member banks in the South and especially those in Texas and Louisiana are warned against the checks of a Beaumont, Texas, member bank numbered 416 to 448 inclusive, one of which was recently cashed by a Lake Charles, La., member. These checks will probably bear the forged signature of S. Lederer, a prominent Beaumont, Texas, broker, from whom they were recently stolen and may be made payable to R. W. ENNIS. The prompt notification of our detective agents should follow the appearance of the above numbered checks.

A pad of blank pay checks of the Louisiana, Arkansas and Gulf Railroad were stolen at Monroe, La., and W. M. McCLANAHAN, alias George Gates, is being sought by our detective agents, it having been alleged that he forged and passed several of the checks. A bank member in Shreveport, La., was defrauded by cashing four of the checks and an attempt was made to pass another one on a bank member in Halleyville, Okla.

McClanahan is described as follows: Age, 35 to 40 years; height, 6 feet; weight, 180 pounds; hair, dark; smooth shaven.

By presenting a forged letter of credit, W. T. LEWIS defrauded a bank member in Ruston, La., the letter purporting to have been issued by a bank in Hartshorne, Okla. He has operated also in Mississippi, and Texas.

By breaking into the trunk of a depositor, MAV-LID TELLY, alias A. Met Mahmet, is alleged to have obtained a bank book and to have torn two orders from it. These two orders were forged and cashed at the bank member, which is in Worcester, Mass.

He is being sought by our detective agents and his description is as follows: Age, 28 years; height, 5 feet 10½ inches; weight, 175 pounds; build, medium; complexion, dark; eyes, black, hair, black; smooth shaven; nativity, Turkey; small scar on end of nose. Wore black soft hat, gray overcoat, black short coat and brown trousers.



L. W. PAYSON.

We are advised by Frederic H. Mitchell, Chief of Police, City of Newton, West Newton, Mass., that he holds warrant for this party, and will send after him if apprehended. Payson's home was originally at Hollowell, Me. He has operated in the past in Washington, D. C., New York City, Maine and St. Paul, Minn., through bogus checks.

Payson is described as follows: Age, 25 years (1913); height, 5 feet 8½ inches; weight, 165 pounds; build, stout; hair, black; eyes, brown; born, Portland, Me., complexion, florid; occupation, clerk. Bertillon measurements: Hgt., 75.0; O. A., 75.0; T., 95.3; H. L., 18.3; H. W., 16.6; C. W., 13.6; R. E., 6.2; L. F., 26.9; L. M. F., 11.3; L. L. F., 8.9; L. F. A., 45.7.

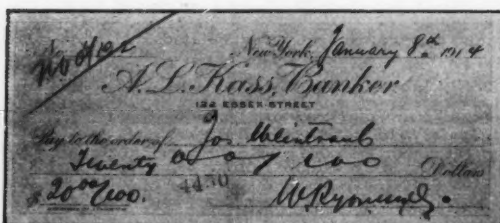
NATHAN F. STONE of Shrewsbury, Mass., it is alleged, forged his mother's name to a note, which he presented for payment on a Worcester, Mass., bank member. Stone, who was favorably known at the bank, received the money and immediately disappeared.

Stone is described as follows: Age, 30 years; height, 5 feet 8 inches; weight, 170 pounds; eyes, blue; hair, light brown; complexion, rosy; smooth shaven. When last seen he wore a gray suit, cap and raincoat. Is stoop-shouldered, has shambling gait, and is partially deaf in both ears.

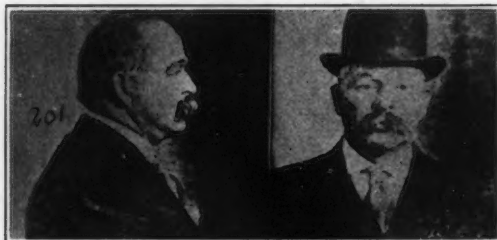
E. A. NELSON, it is alleged, forged two notes, with which he defrauded a bank member in Owatonna, Minn., and other banks in the vicinity of Hallock are said to have received some of his forged notes.

A warrant charging E. A. Nelson with forgery was issued by F. A. Dunham, Judge of the Municipal Court.

Following is a description of Nelson, who is being sought by our detective agents: Age, 40 to 46 years; height, 5 feet, 10 or 11 inches; weight, 175 to 180 pounds; complexion, light; eyes, gray; hair, light brown; build, medium; quiet in actions; friendly.



The above is a reproduction of one of several checks that have been passed in various places in New York State by a party representing himself as W. RYON, M. D. The checks that have been passed were drawn for amounts of \$20 or less. Dr. Walter G. Ryon, whom this man is evidently impersonating, is Medical Inspector for the State Hospital Commission, located at Albany, N. Y. He does not carry an account at A. L. Kass, Banker.



FRANK E. SAYLES.

FRANK E. SAYLES, alias W. E. Wallace, alias A. J. Flynn, alias D. E. Sayles, passed several forged checks on merchants in Amsterdam, N. Y., Johnstown, N. Y., and Gloversville, N. Y., and New Haven and Bridgeport, Conn. He represented himself as a teacher and the checks were signed with the name of D. E. Sayles, Superintendent of the School Board. The checks were drawn on a bank member of Northville, N. Y.

During the third week of December, 1913, Sayles operated in New York City. A photograph of Sayles is reproduced above and a specimen of his handwriting follows.

Sayles is described as follows: Age, 50 years;

height, 5 feet 7½ inches; weight, 215 pounds; hair, brown, graying; complexion, light; occupation, bookkeeper. Bertillon measurements: Hgt., 70.8; O. A., 74.0; Tr., 94.7; H. L., 18.8; H. W., 15.7; C. W., 14.4; R. E., 6.7; L. Ft., 25.6; M. E., 11.6; L. F., 9.3; F. A., 44.6. JOURNAL-BULLETIN, July, 1912, page 34.

*A. J. Flynn*  
*D. E. Sayles*

A warrant for the arrest of WILLIAM H. SMITH, alias Tiny Smith, alias William Carline, was issued in New York County on January 20, 1914, charging forgery.

Smith had been released but three weeks from Dannemora, where he had served three years for highway robbery, when he passed a forged check on a storekeeper in New York City. This check was drawn on a bank member in New York City and the name forged was that of a depositor who is interested in rescue work and philanthropy. The depositor met Smith in one of the New York missions and gave him employment in his office. Smith stole three blank checks on which the depositor's name was printed. After passing the one in New York, he went to Philadelphia and borrowed some money from a man in a mission there with which to return to New York. He cashed his second check at New Brunswick, N. J., on a merchant there.

Smith served time in Charleston Prison, Massachusetts and in Sing Sing, N. Y. He served upward of sixteen years for various crimes. He is described as follows: Age, 40 years; height, 5 feet 8 inches; weight, 140 to 150 pounds; complexion, medium; hair, medium light brown, cut close, bald on top; long thin face; heavy upper lip, deep lines from nose to mouth. Hasn't the appearance of a convict. He wore a dark black overcoat, dark gray felt prison fedora hat, dark blue diagonal striped suit; neat appearance. A specimen of his handwriting is reproduced below.

*Mr. William H. Smith*

A fake advertising swindle was worked with success on a number of merchants of Ransomville, N. Y., by a man representing himself to be J. W. GREEN of the Victor Advertising Company, Rochester, N. Y.

Green called at a bank member in Ransomville, N. Y., late in August and made arrangements with the bank to deliver 1,500 "Kitchen Regulators" to their customers in return for which the bank was to receive a big advertisement on the top of the "Regulator." Green showed letters purporting to be signed by other banks.

After securing advertisements from the different merchants he left town and no one has seen any "Kitchen Regulators" and no trace has been found of Green or the Victor Advertising Company in Rochester.

A specimen of Green's handwriting is reproduced below.

*Victor Adv. Co.*  
*Regulators*

F. G. MONROE, 30 years of age; 6 feet tall; weight, 125 pounds; blue eyes; dark hair; is reported as defrauding a customer of a Portland, N. D., bank member by raised checks. This fellow is a fluent talker and speaks continuously of his talents.

W. B. CRAIG, colored, recently swindled a membership bank in Inola, Okla., by selling some property on which the bank held a mortgage. Craig is described as follows: Age, 30 years; height, 5 feet 7 inches; weight, 155 pounds; eyes, brown; complexion, copper color; slightly stooped; prominent cheek bones; usually wears a derby hat.

CHARLES BAZZELL, a farmer, living near Vinita, Okla., swindled a membership bank at Vinita, also a membership bank at Pryor, Okla., by selling mortgaged property and then leaving the country. Bazzell is described as follows: Age, 39 years; height, 6 feet 1 inch; weight, 180 pounds; eyes, gray; hair, brown; smooth face.

GEORGE W. MOOREHEAD recently swindled a membership bank in Tulsa, Okla., by means of two forged checks, which he drew on a manufacturing company of Tulsa, forging the name of the secretary of this concern to the checks in question. Should he appear at any member bank, they should immediately notify their local authorities and the nearest office of our detective agents. Moorehead is described as follows: Age, 26 to 27 years; height, 5 feet 10 inches; weight, 135 pounds; build, slender; complexion, pale; smooth shaven, but would have heavy black beard if allowed to grow. We reproduce below specimen of Moorehead's signature.

*George W. Moorehead*

The Studebaker Corporation, Detroit, Mich., reported to us on January 12, 1914, that a man representing himself as HARRY A. WHITE, and as an employee of the Studebaker Corporation, passed checks for small amounts on individuals in Hadley, Pa., and Fredonia, Pa. He is described as follows: Age, 45 years; height, about 6 feet; weight, 180 to 190 pounds; smooth shaven; long hair. He wore a striped suit, was pleasant spoken and apparently familiar with the automobile business. Members are warned against this operator. A specimen of his handwriting is reproduced below.

*Harry A. White*

A large number of fraudulent checks have been issued drawn on a bank member in Galetton, Pa. The first of these checks was passed during the last week of December. The amount is invariably \$45 or \$90. These checks are signed Frank M. Maxwell, Treasurer, and are payable to FRANK E. BLACK. Black presents them for goods purchased and takes the balance in cash.

After passing several in Baltimore, Md., and Washington, D. C., the operator moved into Montreal, Can., and Toronto, Can., where he is still busy. Black represents himself as a school teacher and said that Maxwell was a treasurer of a school board. Black claimed to be a resident of Cross Fork, Pa.

There is a possibility that Black is Frank E. Sayles, whose photograph is reproduced elsewhere in this issue of the JOURNAL-BULLETIN.

Member banks should keep a sharp lookout for, and report the appearance of, Swift & Company pay checks bearing serial numbers from H-25001 to

H-25500, and also pay checks of the Fort Worth & Denver City R. R. Co. These latter are complete with the exception of the serial numbers and date, which, if genuine, are printed in red. The serial numbers and date have been in some instance filled in with red ink and a numbering machine. The passer of some of these checks recently operated in Fort Worth, Tex., under the name of M. A. REEVES. He is described as being about 26 years of age; 5 feet 7 or 8 inches in height; dark hair; dark eyes; dark complexion; and smooth shaven. When last seen he was wearing a black overcoat and cap.

The before mentioned five hundred Swift & Company pay checks were stolen from the Company's offices at Fort Worth, Tex., and the Fort Worth & Denver City R. R. Co.'s checks from their printers in the same city.



W. E. NELSON.

Three forged checks were cashed by a membership bank at Pittsburgh, Pa. It is alleged that W. E. NELSON, alias Mike Cameron, whose photograph is reproduced above, is the forger. Nelson is described as follows: Age, 39 years; height, 5 feet 9 1/2 inches; weight, 165 pounds; build, medium; complexion, medium fair; hair, dark chestnut; eyes, light brown; smooth shaven; occupation, barber. Bertillon measurements: Hgt., 76.1; O.A., 86.0; Tr., 92.9; H.L., 19.4; H.W., 16.5; R.E., 6.5; L.Ft., 27.5; M.F., 12.0; L.F., 9.4; F.A., 43.8. A specimen of his handwriting is reproduced below.

*W. E. Nelson*

Charged with impersonating the customer of a bank member in Pittsburgh, Pa., and obtaining a sum of money thereby, ALBERT RAMER is being sought by our detective agents. Ramer is described as follows: Age, 30 years; height, 5 feet 11 inches; weight, 170 pounds; build, medium; complexion, dark; eyes, brown; hair, dark; smooth shaven; tattoos on both arms; nationality, Russian, speaks German and Slavish.

By means of checks to which his father's name had been forged, H. M. KANE has succeeded in obtaining various sums of money from individuals since September, 1913. He cashed these checks in Winchester, Va., in Oklahoma, in Birmingham, Ala., St. Louis, Mo., Cuba, and New York City. He is not authorized to sign his father's name to any checks and his father is endeavoring to bring his operations to an end. His dupes have nearly all been graduates of the Virginia Military Institute at Lexington, Va.,

where he attended for some time. His home is in Gate City, Va., and his father's name is Henry S. Kane. Young Kane is described as follows: Age, 24 years; height, 5 feet 10 inches; weight, 150 pounds; hair, sandy; eyes, blue.

Claiming to represent an insurance company of Wheeling, W. Va., a party using the name of W. L. MAY, succeeded in having a member bank at Fairmont, W. Va., cash a draft which proved to be worthless.

May is described as follows: Age, 36 years; height, 5 feet 11 inches; weight, 190 pounds; build, heavy; complexion, fair; hair, sandy; smooth shaven; very full face; heavy drinker. A specimen of his handwriting is reproduced below.

GENERAL.



WALTER N. ALDRIGE.



GEORGE D. SPENCER

The Pittsburgh, Pa., police on January 17, 1914, arrested WALTER N. ALDRIGE, alias William Shaw, alias Bud Shaw, alias W. F. Rodgers, and GEORGE D. SPENCER, forgers, who attempted to pass a forged certified check at a store in that city. After the arrest it was found that they were occupying an expensive suite of rooms at a hotel in Pittsburgh. In their room was found an elaborate outfit for forging checks, including check forms, check book of a Pittsburgh bank, rubber stamps for certifying checks and a typewriter.

Photographs of the men were submitted by the St. Louis office of our detective agents to parties who had been defrauded there in a similar manner. The photograph of Aldrige was positively identified as that of Charles N. Southern, wanted at St. Louis, Mo. Spencer is believed to have operated in St. Louis with Southern, under the name of H. F. Cowles, but the identification of his photograph was not positive.

Aldrige is described as follows: Age, 32 years; height, 5 feet 7½ inches; weight, 148 pounds; build, medium; hair, black; eyes, blue grey; complexion, sallow; smooth shaven; nationality, American; occupation, salesman; good dresser; appearance, good. Bertillon measurements: Hgt., 71.7; O.A., 75.0; Tr., 91.3; H.L., 18.8; H.W., 15.0; R.E., 6.1; L.Ft., 25.0; M.F., 11.3; L.F., 8.5; F.A., 46.0.

Spencer is described as follows: Age, 24 years; height, 5 feet 10½ inches; weight, 154 pounds; build, medium; complexion, sallow; hair, dark chestnut; eyes, dark brown; smooth shaven; face marked with chicken pox pits; nationality, American; occupation, salesman. Bertillon measurements: Hgt., 79.1; O.A., 78.0; Tr., 94.0; H.L., 19.1; H.W., 14.1; R.E., 6.2; L.Ft., 26.4; M.F., 11.4; L.F., 8.7; F.A., 47.1.

If any of our readers should identify the photographs of these men which are reproduced with this article, we respectfully request them to communicate with the nearest office of our detective agents.

LLOYD BALDWIN, alias George W. Gardner, was arrested on December 19, 1913, by the Chief of Police, John Stock, of Kankakee, Ill., while trying to dispose of a forged and fraudulent check. After his arrest he confessed to being a professional forger claiming to have been a law student in Colorado for several years. He presented checks at various stores, buying a small article and receiving the balance in cash. He admitted to having successfully passed fraudulent checks in Racine and Kenosha, Wis., Gary, Ind., Aurora, Elgin, Kankakee, Waukegan, Mokena, Wheaton and many other towns in Illinois, including Chicago. He is described as follows: Age, about 23 to 30 years; height, 5 feet 11 inches; weight, 180 pounds; hair, light sandy; complexion, light. He was held to await the action of the Grand Jury of Kankakee County. As far as known he did not operate against any member of this Association.

ARTHUR BORANCO, alias M. F. Boranco, alias Arthur Thompson, alias Charles Adamson, alias Howard Davis, alias Will Stanton, alias Charles Davidson, alias Arthur Barnes, alias George Adair, alias Arthur Howard, alias John Davis, alias Moses Lambert, alias William Brown, a negro, was indicted by the grand jury at Louisville, Ky., December 10, 1913, on a charge of giving a worthless check for \$50, drawn on a Louisville, Ky., bank, in payment for a shipment of goods obtained from a Louisville furniture company. He is also charged with selling a worthless draft for \$500, drawn on a bank in Tennessee to a negro in Louisville.

A young man implying the name of C. E. DAWSON and working as a farm hand, has been operating in the vicinity of Mason City, Ia., and Iowa Falls, Ia., drawing checks against a bank member of Iowa Falls, Ia., signing the names of well-known farmers in that vicinity to checks for small amounts. The signatures are so cleverly executed that they pass detection unless very closely scrutinized. The young man is of excellent appearance and makes friends easily. He is described as follows: Age, 25 years; height, 5 feet 8 inches; complexion, sandy; smooth face; smokes cigarettes.

Three yegg burglars, FRANK HAYES, CLAUSEN F. SHAFNER and BENSON VAN BILLIARDS, who were recently arrested by local authorities for being implicated in the burglary of a non-member bank of Minia, S. D., have been sentenced to serve two and one-half years in the South Dakota State Prison.

On January 2, 1914, FRANK M. HENNING, Assistant Cashier of a non-member bank at Schaumburg, Ill., disappeared from there, taking with him the funds of the bank. The matter was placed in the hands of our detective representatives as a private case on January 5th, and eight days later he was placed under arrest. He made a full confession to our detective agents. He has been returned to Cook County, Ill., for prosecution.

United States Post Office Inspector Otto, of General Stuart's staff, succeeded in placing under arrest, at Edwardsville, Ill., on January 12, 1914, a notorious swindler, forger and bogus check operator, who has been a menace to society for years. This man is known throughout the country under the names of E. R. KIGER, alias Samuel E. King, alias H. G. Williard, alias Edward S. Kyle, alias R. E. Jordan, and scores of other aliases.

The operations of this man have been chronicled through the columns of the JOURNAL-BULLETIN for April, 1910, pages 496 and 552; October, 1913, page 278 and November, 1913, page 380. He is wanted at Kansas City, Mo., for the swindle of a hotel there by a forged check; in Williamsport, Pa., for a swindle in connection with a theatrical venture and is also wanted in Memphis, Tenn., where he posed as G. Williams, a well-known theatrical man of New York City. He was arrested on May 3, 1910, at Memphis, charged with forgery and after being released on bond, departed for parts unknown.

This man has a criminal record all over the United States and his apprehension by the postal authorities is one of great importance.

In error the Kansas City Office of our detective agents were informed that WILLIAM H. PLUM had been convicted and sentenced to serve one year in the penitentiary. This erroneous information was transmitted to us and was published on page 527 of the January, 1914, JOURNAL-BULLETIN. We have since been advised that Mr. Plum was tried and acquitted. We are making the proper correction in the statistics.

#### ARRESTED.

JOSEPH AIG, alias Hyman Rosenberg, alias Charles Miller was arrested by our detective agents and the New York City police on January 13, 1914, for having passed two forged checks on a member in New York City.

Aig pretended to be an innocent party to the crime, and to have been sent into the bank by a man whom he met in the street, but when closely questioned admitted his guilt.

He pleaded guilty to a charge of forgery in the Juvenile Court and Judge Hoyt held him to await the result of an investigation into Aig's past.

Aig is described as follows: Hebrew; age, 15 years; height, 5 feet 7½ inches; weight, 133 pounds; complexion, dark, muddy; hair, very dark brown; wavy; parted on the left side, long wave in front; eyes, brown; large nose; long face; protruding ears; dark clothes; large light checkered cap.

JOHN B. ANDREWS, alias J. Pryor Davis, alias John H. Davis, alias John Andrews, mentioned on page 85 of the August, 1910, and page 378, of the November, 1913, JOURNAL-BULLETIN, was arrested by the police at Philadelphia, Pa., in December, 1913. He is wanted at San Rafael, Cal., where he defrauded a bank member by means of a bogus check. The California Bankers' Association is co-operating with this Association in the prosecution of this case.

HARRY AVERY, alias George W. Fearn, was arrested in St. Louis, Mo., on January 21, 1914, by the police for forgery. Avery, formerly a resident of Cleveland, O., forged the name of Henry R. Davis

to checks drawn on a member at Cleveland, O., which he cashed at Buffalo, Cleveland, Chicago, and St. Louis. He is described as follows: Age, 24 to 25 years; height, 5 feet 7 or 8 inches; weight, 140 to 145 pounds; complexion, medium.

For having obtained a sum of money from a bank member in Columbus, Ga., on a forged telegram, FRANK A. BASSETT was arrested in Valdosta, Ga., by our detective agents and the Valdosta police on January 10, 1914. He is described as follows: Age, 35 years; height, 5 feet 8 inches; weight, 140 pounds; eyes, grey; hair, dark; complexion, sallow; first joint of left thumb missing.

Presenting a check to which he had forged the signature of the president of a Pender, N. C., bank, WILLIAM H. FISHER succeeded in defrauding a bank member at New Smyrna, Fla.

Our detective agents were notified of the forgery and traced Fisher to Philadelphia. On January 15, 1914, he was placed under arrest by our detective agents and an officer of the Philadelphia police department. He was locked up to await the arrival of an officer from Florida.

Fisher is described as follows: Age, 30 years; height, 5 feet 6 inches; weight, 125 pounds; eyes, black; hair, black; complexion, dark and sallow; clean shaven; very ordinary appearance.

A telephone call was received by a member bank at Dayton, O., on December 15, 1913, from a man who said he was one of the bank's depositors, and informed the cashier that he was sending a man to the bank with a check to be cashed, as he was too busy to call himself. Shortly afterwards a man entered the bank and presented a check, made payable to a depositor named S. F. Frank, by Mike A. Nipgen Co., Wholesale Liquor Dealers.

Later the endorsement and signature proved to be a forgery, and on December 29, 1913, two men were arrested by the police, who gave their names as EARL FREDERICKS and BERT WINTERS. One of these was identified next morning as the one who called at the bank and cashed the check. Both waived a hearing and were bound over to the Grand Jury under \$500 bail each.

JOHN A. GARDNER, alias Walter Briggs, alias Emory Hampton, alias H. S. Smith, was arrested at Boulder, Col., by our detective agents and turned over to the sheriff. He confessed to having passed several bogus checks and drafts in Denver and Boulder, Col. Through his operations two bank members at Boulder were defrauded.

Gardner is described as follows: Age, 18 years; height, 5 feet 10 inches; weight, 145 pounds; build, slender; eyes, blue; hair, chestnut; smooth shaven; complexion, good color; wears glasses; has a few scattered gold teeth; prominent ears; wore flat-crown dark hat, sweater vest, dark blue suit, dark overcoat.

R. A. GILCREST, who at one time worked for a company in Kansas City, entered a membership bank of that city on December 22, 1913, and presented a check for payment which the bank turned down, as he could not properly identify himself. It was later discovered that he had passed a number of worthless checks, and a warrant was immediately sworn to for his arrest, and on January 6, 1914, he was apprehended through the efforts of our detective agents at Denver, Col., and returned to Kansas City, Mo.

E. C. HARTMAN, who passed a number of forged checks, as reported on page 39 of the July, 1913, JOURNAL-BULLETIN, was arrested by the New Orleans, La., police on December 31, 1913. Hartman was returned to Atlanta, Ga., on complaint of a bank member of that place.

A check to which the signature of a depositor of a bank member at Lincoln, Ga., had been forged was passed by a man who represented himself as J. R. JONES.

Later the forgery was discovered and our detective agents notified. Our detective agents found Jones in the jail at Gastonia, N. C. He had been arrested under the name of Jim Harper for cattle stealing and passing a forged check on a bank member of that place. He admitted his guilt to our detective agents.

PATRICK C. JOSE was arrested at Davenport, Ia., in November, 1913, for intoxication. Our detective agents made an investigation which resulted in obtaining evidence that Jose had passed a forged check on a bank member of that place. Jose made a full confession to our detective agents and the Grand Jury has considered this forgery case. The Iowa Bankers' Association co-operated with this Association in this matter.

MARY KASHMANIAN, an Armenian woman, who posed as an artist's model in New York, was arrested by our detective agents in New York City on January 14, 1914, for having forged checks on a bank at the said city drawn on a member bank in Borden, Ind., two of which were paid by the latter. After obtaining a signed confession from her, our detective agents turned her over to the New York police, and she is now awaiting trial. She is described as follows: Age, 19 years, appears about 24 years; height, 5 feet 7 inches; weight, 140 pounds; complexion, olive; hair, black; eyes, dark brown.

CHARLES KURTZ, alias Jacob Press, alias Jacob Schwab, alias "Murphy the Jew," who is mentioned in the JOURNAL-BULLETIN for May, 1913, page 764 and June, 1913, page 835, was arrested on January 1, 1914, by our detective agents in Chicago, and has been returned to Portland, Ore., where he is wanted on a charge of defrauding a member. This criminal is also wanted for defrauding a member bank at Los Angeles, Cal. The Oregon Bankers' Association and also the California Bankers' Association co-operated with this Association in bringing about the apprehension of this man.

MARY J. LOPEZ, a professional nurse, who has also been known under the names of Wilhelmina and Minnie Lopez and Mrs. Southcot Brown, was arrested by a representative of our detective agents and the Brooklyn, N. Y., police, on January 10, 1914. She confessed that she had passed a check to which she had forged the signature of a depositor of a bank member of Brooklyn, N. Y. She is also suspected of having passed two other forged checks.

On January 28, 1914, Miss Lopez pleaded guilty to a charge of forgery and her sentence was deferred until February 1, 1914.

This woman is described as follows: Nationality, Cuban; age, 34 years; height, 5 feet 6 inches; weight, 135 pounds; build, medium; complexion, medium; eyes, dark; hair, dark brown. Below we reproduce a specimen of her handwriting.

*Miss M. J. Lopez*

Under the name SHACKLEFORD T. MILLER, a man opened a check account in a membership bank at Spokane, Wash. Later he transferred it to the savings department and eventually he withdrew his principal and asked to leave his interest on deposit. When the regular teller went to lunch, he presented his book again, after having skillfully erased the entry of interest and withdrawal of principal. The first withdrawal had not been entered on the ledger,

so the substitute paid the man again without suspicion.

Miller is described as follows: Age, 45 years; height, 5 feet 9 inches; weight, 170 pounds; build, medium; eyes, brown; occupation, peddler; Jewish features, pock-marked, prominent nose. A specimen of his handwriting is reproduced below:

*1700 Shackleford T. Miller*

A representative of our detective agents arrested a man in Spokane on January 15, 1914, who gave his name as Henry Goldberg. He was identified by the bank member as Miller.

HARRY J. MORRIS recently attempted to pass a forged check on a membership bank in Kansas City, Mo. Entering a saloon, he made out a check payable to himself and then called a messenger boy and sent the check to the bank for payment. The signature being a forgery, the bank refused to cash it and at once notified our detective representatives, who took the matter up and caused the apprehension of Morris. He is now being held pending his trial. Morris is described as follows: Age, 28 to 30 years; height, 5 feet 10 or 11 inches; weight, 145 to 150 pounds; build, slender; complexion, dark; hair, dark.

A young man called at a telegraph office in Macon, Ga., on January 1, 1914, and filed a telegram which was addressed to a bank member at Atlanta, Ga., and purported to be signed by a bank member at Macon. The telegram directed the Atlanta bank to honor a draft of G. C. Williams without identification.

The following morning the young man appeared at the Atlanta bank and was placed under arrest by our detective agents and turned over to the Atlanta police. He admitted his guilt to our detective agents and gave his name as J. T. SANDUSKY.

He is a telegraph operator by occupation and is described as follows: 20 years old; 5 feet 8 inches tall; weight, 140 pounds; slender build; light complexion; blue eyes; clean shaven; very ordinary appearance.

ALEX SISSER, seventeen years of age, was arrested at Cleveland, O., on December 30, 1913, for passing forged checks on five different merchants. Sisser also attempted to pass a forged check on a member bank at Cleveland during June, 1913, and defrauded a member bank near Youngstown, O., through forged checks during July, 1913.

GEORGE STONE, was arrested by the sheriff of Tulare County, Cal., in December, 1914, for cashing a forged check at a bank member at Lindsay, Cal. He is described as being about 5 feet 10 inches tall; weighing about 170 pounds; dark complexioned; and has pock-marks on his upper lip and some on his face. The California Bankers' Association is co-operating with this Association in the prosecution of this case.

WILLIAM ULRICI, alias William Ulresa, alias William W. Stanton, alias Charles W. Doton, alias William T. Branson, alias William F. Benson, alias V. S. Richmond, alias William H. Harris, alias W. W. Lucas, alias W. F. Parson, was arrested in Evansville, Ind., by the local police on a charge of attempting to pass a worthless check.

This criminal has been operating extensively in the past three months throughout the States of Texas, Oklahoma, Wisconsin, Illinois, Indiana, Ohio, Missouri and Kansas, representing himself at different times as a traveling salesman of different large wholesale and manufacturing concerns, whose names he signs to the checks he passes.

He invariably operates in the same manner, buying a bill of goods from some dry goods or furnishing

house for which he pays with a worthless check, receiving the balance in money.

His description was published and a specimen of his handwriting reproduced on page 443 of the December, 1913, JOURNAL-BULLETIN.

HEINRICH VON HOFFMAN was arrested by our detective agents in San Francisco, Cal., for defrauding a member bank in that city by means of forged checks. Von Hoffman forged the signature of a customer of the bank to six checks, all for small amounts. The California Bankers' Association is co-operating with this Association in the prosecution of this case.

A man named G. M. WHITE, registered at the Lee Huckins Hotel in Oklahoma City, Okla., and on November 19, 1913, gave them a forged voucher check on a hardware company in McAlester, Okla. This check went through the bank at McAlester, and was paid on account of it being a clearing from one of the other banks. The matter was reported to our detective agents who succeeded in identifying the man as one who had been operating in numerous other parts of the country under the names George B. Magill, Charles B. Monroe, Frank White, J. B. Hayes, George B. Magill, A. B. Hollis, E. L. Flynn, C. F. Colcord, George Hayes, George M. White. On December 25, 1913, he was arrested in Denver, Col., by the local police and is now being held pending trial.

White is described as follows: Age, 32 years; height, 5 feet 8 inches; weight, 209 pounds; build, stout; complexion, medium; eyes, blue; hair, dark gray mixed.

CARL WILES, alias Marshall S. Williams, recently succeeded in passing a forged check on a membership bank at Farley, Missouri. Wiles entered a dry goods store in Leavenworth, Kansas, and presented a check bearing the signature of a well known farmer living near that point. As this man's signature was known to be perfectly good this check was cashed for Wiles without question, but when the farmer's cancelled checks were returned to him, it was discovered that this was a forgery. Our detective agents at once took up this matter and pressed Wiles so closely that he returned to Leavenworth and gave himself up to the authorities there. He is described as being 23 to 25 years of age; 5 feet 10 inches tall; weighing 160 to 165 pounds; sandy complexion; blue eyes and light hair.

A membership bank of San Francisco, Cal., reported to our detective agents on December 22, 1913, that the endorsement of one of their depositors had been forged to a draft for \$200, same being drawn on a bank in San Jose, Cal.

Our detective agents immediately took up this matter and after making a thorough investigation, caused the arrest of TESSIE WISE, a manicurist, on January 7, 1914. Tessie Wise confessed and implicated H. E. SPENCER, who was taken into custody.

Both of these parties were locked up in the City Prison. They were afterwards taken to San Jose, Cal., where Spencer's trial is set for January 23, 1914. The California Bankers' Association is co-operating with this Association in this matter.

Wanted at Seattle, Wash., on a charge of forgery preferred by a bank member of that place, S. A. WRIGHT, alias W. C. Wingard, alias W. F. Gordon, was arrested December 19, 1913, by the San Francisco, Cal., police. JOURNAL-BULLETIN, November, 1913, page 383.

# REMOVED.

HANS OTTO ALBERS, whose arrest was reported on page 283 of the October, 1913, JOURNAL-BULLETIN, on September 6, 1913, pleaded guilty to a charge of larceny and was sentenced to the Elmira Reformatory. He will be eligible for parole in thirteen months from the date of his reception at the Reformatory.

H. C. BAGGETT, reported on page 605 of the March, 1913, JOURNAL-BULLETIN, after a trial was acquitted, although he had confessed having attempted to burglarize a bank member at Talladega, Ga.

CHARLES F. BAKER, whose operations were chronicled through the columns of the JOURNAL-BULLETIN for July, 1911, page 31; August, 1912, page 110; December, 1912, page 386; February, 1913, page 536; January, 1914, page 524, was tried in the Criminal Court of Cook County, Chicago, Ill., on December 30, 1913, and was fined \$1 without costs and sentenced to one year in the House of Correction.

GARRETT BECKER, arrested October 11, 1913, at Detroit, Mich., was placed on probation for two years, on November 11, 1913. JOURNAL-BULLETIN, March, 1913, page 600; June, 1913, page 842; November, 1913, page 384.

The case against E. W. BOOKER, whose arrest was reported on page 533 of the February, 1913, JOURNAL-BULLETIN has been dismissed and he has been released.

The case against TONY CALISTANO, whose arrest was reported on page 680 of the April, 1913, JOURNAL-BULLETIN, has been dismissed.

JULIUS C. CARBUHN, report of whose arrest was shown on page 224 of the September, 1913, JOURNAL-BULLETIN, has been released.

FREDERICK H. CARPENTER, whose arrest was reported in the June, 1912, JOURNAL-BULLETIN, page 767, was sentenced to serve two years in the Rhode Island State Prison for uttering forged paper.

CHARLES J. CASPER on October 3, 1913, was convicted on a local charge at Philadelphia, Pa., and sentenced to serve not more than ten years in the Eastern Penitentiary. He is wanted for defrauding a bank member at Steger, Illinois, JOURNAL-BULLETIN, June, 1912, page 761 and October, 1912, page 255.

W. P. CHESTNUT, whose arrest was reported on page 106 of the August, 1913, JOURNAL-BULLETIN, was indicted on a charge of forgery preferred by a bank member at Americus, Ga. He was admitted to bail, but failed to appear for trial.

Because of insufficient evidence, WILLIAM CLARK and EDWARD GAGNIER were discharged on November 4, 1914. JOURNAL-BULLETIN, May, 1913, page 768.

SAMUEL COHEN, was sentenced to serve six years in the Massachusetts State Prison. JOURNAL-BULLETIN; June, 1910, page 553 and April, 1912, page 626.

TOM DARLING, alias Green, and PAUL CASE, the two moving-picture cowboys, who in true wild-west style, held up and mortally wounded the cashier of a bank at Blythe, Cal., were convicted for this crime on January 14, 1914, at Riverside, Cal. Darling was sentenced to hang at San Quentin on April 3, 1914, and Case was sentenced to life imprisonment in the same institution.

L. E. DELONE, on December 2, 1913, was placed on probation for two years. JOURNAL-BULLETIN: July, 1913, page 41 and December, 1913, page 445.

GEORGE DOUGLASS was convicted and sentenced to serve a term of not less than three years in the State Prison, Concord, N. H. JOURNAL-BULLETIN: May, 1913, page 766.

The cases of FRANK W. FOWLER, J. L. HOUTON and MICHAEL WEIL, whose names have been carried in the Awaiting Trial list, were nolle prossed and stricken from the docket by Judge Charles A. McDonald at Chicago, Ill., on January 14, 1914. JOURNAL-BULLETIN: June, 1912, page 765 and March, 1912, page 567.

MERRILL GERWITZ, whose arrest was reported on page 107 of the August, 1913, JOURNAL-BULLETIN, was held for the action of the Grand Jury, but sometime before the sitting of the Grand Jury, disappeared.

R. A. GILCREST, whose arrest is reported in another column of this issue, on January 12, 1914, pleaded guilty and was sentenced to serve seven years in the State Penitentiary at Jefferson City, Mo.

L. W. GILES, arrested September 22, 1913, for forgery, has been acquitted. JOURNAL-BULLETIN: September, 1913, page 220; and October, 1913, page 283.

On January 7, 1914, ALLIE HAMMOND, was sentenced to serve a term of two and one-half years in the Illinois State Penitentiary at Joliet, Ill. His arrest was reported on page 43 of the July, 1913, JOURNAL-BULLETIN.

WARREN HANK, alias George W. Warren, who is mentioned in the columns of the JOURNAL-BULLETIN for June, 1911, page 741, in connection with the attempted swindling of a bank member in Wapakoneta, O., and whose real name is said to be William Hoffmann, pleaded guilty to this charge and on October, 17, 1911, was sentenced to three years in the Ohio Penitentiary, but was allowed to go on parole, and is now at liberty.

WILLARD HAWLEY, mentioned on page 43 of the July, 1913, JOURNAL-BULLETIN, was released on \$300 bond. He later forfeited his bond and is now at large.

CHARLES F. HAYES, arrested on November 3, 1913, at Boston, Mass., was sentenced to serve one year in the Massachusetts House of Correction. JOURNAL-BULLETIN: December, 1913, page 446.

O. E. HAYNES, alias John W. Arnold, alias Jason W. Sherman, arrested December 4, 1913, at Houston, Tex., was returned to Nashville, Tenn., found guilty and sentenced to serve one year to three years. JOURNAL-BULLETIN: June, 1912, page 836; June, 1913, pages 838 and 839; August, 1913, page 105; and January, 1914, page 524.

CHARLES HENIFER, whose arrest is reported in the March, 1913, JOURNAL-BULLETIN, page 606, was sentenced to serve one year in the penitentiary.

JOHN E. HUDSON was sentenced to serve a term of not less than three nor more than five years in Canon City Penitentiary. JOURNAL-BULLETIN: October, 1912, page 387.

WALTER ISAACS, whose latest arrest was reported on page 841 of the June, 1913, JOURNAL-BULLETIN, was convicted of attempting to swindle a bank member at Kingsport, Tenn., and sentenced to serve one year in jail.

R. L. KEITH, whose arrest was reported on page 682 of the April, 1913, JOURNAL-BULLETIN, was released.

H. S. KIRKPATRICK, whose arrest was reported in the July, 1911, JOURNAL-BULLETIN, page 37, was not indicted.

PHIL LAMBELE, alias Tumble, etc., mentioned on page 225 of the September, 1913, JOURNAL-BULLETIN, pleaded guilty to grand larceny and was sentenced to the Ohio Penitentiary for a term of from one to seven years.

HAROLD T. LEYSER, alias George K. Darlington, was discharged. JOURNAL-BULLETIN: December, 1913, page 446.

It being shown that he was suffering from tuberculosis, C. W. MARCUS, whose arrest is reported on page 284 of the October, 1913, JOURNAL-BULLETIN, was given a sentence of six months in jail. His term will expire March 24, 1914.

C. B. MATTINGLY, arrested for defrauding a bank member at Beebe, Ark., was tried and released at Monticello, Ark. JOURNAL-BULLETIN: April, 1913, page 682.

CHARLES H. MEYERS, alias E. A. Davis, alias W. W. Wilmot etc., after being confined in jail for more than a year, awaiting trial, was adjudged insane and committed to the Alabama State Insane Asylum at Tuscaloosa. JOURNAL-BULLETIN: October, 1912, page 250; January, 1913, page 452 and February, 1913, page 534.

LEWIS MONTAGUE, whose arrest was reported on page 446 of the December, 1913, JOURNAL-BULLETIN, was tried at Columbia, S. C., convicted and sentenced to one year in the chain gang.

FRANK MORRIS, a bank burglar whose arrest was reported on page 682 of the April, 1913, JOURNAL-BULLETIN, was executed on April 30, 1913, for the crime of murder.

T. J. PALMER, alias Leo D. Hays, etc., was sentenced to serve a term of nine months in the House of Correction, Chicago, Ill. His arrest was reported on page 225 of the September, 1913, JOURNAL-BULLETIN.

We are advised that J. E. POSEY, whose name has been carried in the Awaiting Trial List will not be brought to trial. His father, whose name, it was alleged, had been forged, repudiated his first statement, and now declares that his name was not forged. JOURNAL-BULLETIN: September, 1911, page 163.

J. T. SANDUSKY, whose arrest is reported elsewhere in this issue was returned to Macon, Ga., where he pleaded guilty to forging the name of the bank member of that place to a telegram, and was sentenced to serve two years in the Georgia Penitentiary.

Because the authorities at Texas City, Tex., refused to send after him, WALTER SHERMAN, whose arrest is reported on page 525 of the January, 1914, JOURNAL-BULLETIN, was released at Chicago, Ill.

On information and evidence furnished by our detective agents, ALEX. SISSER was found guilty on January 7, 1914, and committed to the Hudson Farm,

at Hudson, Ohio. His arrest is reported elsewhere in this issue.

**WILLIAM ULRICI**, alias William Ulresa, etc., whose arrest is reported in another column of this issue, was on January 19, 1914, sentenced at Kansas City, Mo., to five years in the Missouri State Penitentiary at Jefferson City, Mo., he having pleaded guilty to the charge of forgery.

**CARL VAN LECKWYCK**, whose arrest was reported on page 319 of the November, 1912, JOURNAL-BULLETIN, pleaded guilty, and gave personal recognizance, and his case was placed on file.

**H. S. VINCENT**, alias H. M. Vincent, concerning whom articles appear in the March, 1913, and September, 1913, JOURNAL-BULLETIN, was on March 12, 1913, sentenced to two years in the State Penitentiary of Tennessee.

**G. M. WHITE**, whose arrest is reported in another column of this issue, on January 22, 1914, was sen-

tenced to serve from four to seven years in the Colorado State Penitentiary.

On September 24, 1913, at Pittsburgh, Pa., **GEORGE A. WILLIAMS** was sentenced to pay a fine of six and one-quarter cents and to be committed to the Huntingdon, Pa., Reformatory until he becomes twenty-one years of age. JOURNAL-BULLETIN, January, 1913, page 454 and September, 1913, page 225.

**S. A. WRIGHT**, whose arrest is reported in the "Arrested" column of this issue, was returned to Seattle, Wash., and on January 12, 1914, pleaded guilty to a charge of forgery and was sentenced to serve a term of five to twenty years in the Walla Walla Washington State Penitentiary.

**G. A. YORK**, mentioned on page 254 of the October, 1912, and February, 1913, page 535, JOURNAL-BULLETIN, after a trial, was convicted and sentenced to serve not less than one year and not more than fifteen years in the Walla Walla, Washington, State Penitentiary.

#### AWAITING TRIAL, EXTRADITION OR SENTENCE, FEBRUARY 1, 1914.

##### ALLEGED FORGERS, ETC.

**Adams, Roy D.**, September 6, 1913, arrested; swindle Lawrence, Kans.

**Aig, Joseph**, January 13, 1914, arrested; forgery New York, N. Y.

**Ainsworth, J. S.**, August 17, 1913, arrested; forgery Monroe, La.

**Andrews, John H. B.**, December, 1913, arrested; swindle San Rafael, Cal.

**Avery, Harry**, January 21, 1914, arrested; forgery Cleveland, O.

**Bailey, Mrs. Ray**, April 30, 1912, arrested; forgery Waterloo, Ia.

**Bassett, Frank A.**, January 10, 1914, arrested; forgery Columbus, O.

**Batie, D. H.**, November 26, 1913, arrested; forgery Marianna, Ark.

**Beresford, O. J.**, July 9, 1912, arrested; swindle San Pedro, Cal.

**Bernard, Harry**, November 23, 1913, arrested; swindle Larned, Kans.

**Berry, E. R.**, December, 1913, arrested; forgery Wichita, Kan.

**Black, Joe**, September 23, 1913, arrested; swindle Paducah, Ky.

**Brown, Frank**, December 19, 1913, arrested; forgery Los Angeles, Cal.

**Burns, Charles D.**, October 23, 1913, arrested; swindle Portland, Ore.

**Bush, J. A.**, May 29, 1913, arrested; forgery Wenatchee, Wash.

**Collins, T. J.**, September 19, 1912, arrested; swindle Helena, Ark.

**Cooper, —**, May, 1913, arrested; forgery New York City.

**Ellars, William A.**, February 11, 1913, arrested; forgery Fort Worth, Texas.

**Fisher, William H.**, January 15, 1914, arrested; forgery New Smyrna, Fla.

**Fredericks, Earl**, December 29, 1913, arrested; forgery Dayton, O.

**Frierson, Chauncey L.**, November 5, 1913, arrested; forgery Kansas City, Mo.

**Gardner, John A.**, December 5, 1913, arrested; swindle Boulder, Col.

**Glasgow, George W.**, November 20, 1913, arrested; swindle Covina, Cal.

**Gray, S. H.**, November 12, 1910, arrested; forgery Athens, Tenn.

**Grubb, Ray**, August 1, 1913, arrested; forgery Woodward, Ia.

**Haiken, Esther**, May 28, 1912, arrested; forgery New York, N. Y.

**Harper, W. E.**, November 7, 1913, arrested; forgery Tulsa, Okla.

**Hartman, E. C.**, December 31, 1913, arrested; forgery Atlanta, Ga.

**Hewitt, W. A.**, October 16, 1913, arrested; theft Jackson, Miss.

**Jankosky, Vincent**, December 20, 1913, arrested; forgery St. Louis, Mo.

**Johnson, Latus**, August 25, 1913, arrested; forgery Brownsville, Texas.

**Jones, J. R.**, January, 1914, arrested; forgery Lincoln, N. C.

**Jose, Patrick C.**, November, 1913, arrested; forgery Davenport, Ia.

**Kashmanian, Mary**, Jan. 14, 1914, arrested; forgery Borden, Ind.

**Kelly, Robert M.**, June 8, 1913, arrested; swindle Bishopville, S. C.

**Kurtz, Charles**, January 1, 1914, arrested; forgery Portland, Ore.

**Lewis, Andy**, August 15, 1913, arrested; forgery Prestonburg, Ky.

**Lopez, Mary J.**, January 10, 1914, arrested; forgery Brooklyn, N. Y.

**McClendin, Ella**, June 3, 1913, arrested; attempted swindle Georgetown, Col.

**McReady, R.**, April 26, 1913, arrested; forgery Fort Lauderdale, Fla.

**Merritt, G. C.**, May 21, 1913, arrested; swindle Des Moines, Ia.

**Migliaccio, Domenica**, December 20, 1913, arrested; forgery Poughkeepsie, N. Y.

**Miller, Shackelford T.**, January 15, 1914, arrested; swindle Spokane, Wash.

Mitchell, C. E., July 26, 1912, arrested; swindle Monroe, La.

Morris, Harry J., January 16, 1914, arrested; attempted swindle Kansas City, Mo.

Morton, Chas. S., January 6, 1912, arrested; swindle, Baltimore, Md.

Nelson, C. J., April 18, 1912, arrested; forgery Birmingham, Ala.

Newman, Ira, May 17, 1912, arrested; forgery Cairo, Ill.

Panos, James, May, 1913, arrested; swindle Willits, Cal.

Perry, Chas. G., October 25, 1912, arrested; swindle Middletown, Pa.

Rapp, Frank, September 2, 1913, arrested; forgery Chicago, Ill.

Reedy, E. K., July, 1913, arrested; forgery Redlands, Cal.

Richason, M., January 1, 1913, arrested; swindle Kansas City, Mo.

Robinson, E. L., November 12, 1913, arrested; swindle Attica, N. Y.

Rogers, C. R., August, 1912, arrested; forgery Cordele, Ga.

Scherberg, C. W., February, 1913, arrested; swindle Grenada, Miss.

Schreiber, Herbert E., August 2, 1912, arrested; swindle Denver, Col.

Shivers, Vernon F., December 21, 1911, arrested; forgery Lake Providence, La.

Smith, C. B., December 3, 1913, arrested; swindle Albany, Ore.

Spencer, H. E., January, 1914, arrested; forgery San Francisco, Cal.

Stone, George, December, 1914, arrested; forgery Lindsay, Cal.

Stone, Harry, November, 1912, arrested; forgery Bakersfield, Cal.

Sturgis, R. E., July 3, 1913, arrested; swindle Jennings, La.

Sullivan, Charles, September 7, 1913, arrested; swindle Munfordville, Ky.

Suttle A. J., Jr., October 9, 1913, arrested; forgery Greeley, Col.

Von Hoffman, Heinrich, November 3, 1913, forgery San Francisco, Cal.

Walton, Harold, June 8, 1913, re-arrested; swindle New Orleans, La.

Wambold, Harry A., December 1, 1913, arrested; forgery Houston, Tex.

West, Henry, May 19, 1911, arrested; forgery Yuma, Ariz.

Wheeler, Charles E., February 14, 1913, arrested; swindle Tulsa, Okla.

Wiles, Carl, January, 1914, arrested; forgery Farley, Mo.

Winters, Bert, December 29, 1913, arrested; forgery Dayton, O.

Wise, Tessie, January 7, 1914, arrested; forgery San Francisco, Cal.

Wolf, Belt, May, 1913, arrested; forgery New York City.

#### BURGLARS AND HOLD-UP ROBBERS.

Faulkner, Leon, June 2, 1913, arrested; attempted burglary Yukon, Okla.

Karslake, A., March 19, 1913, arrested; burglary Bastrop, La.

Moorey, Vivian, June 2, 1913, arrested; attempted burglary Yukon, Okla.

Robinson, Mrs. Harry, March 19, 1913, arrested; burglary Bastrop, La.

#### STATISTICS OF THE WORK OF THE PROTECTIVE DEPARTMENT.

##### AS REPORTED TO THE STANDING PROTECTIVE COMMITTEE.

From September 1, 1913, to January 1, 1914.

New York, N. Y., February 1, 1914.

Persons arrested, discharged, convicted, sentenced, awaiting trial, etc.

	Awaiting Trial, etc. September 1, 1913.	Arrested Since September, 1913.	Arrests in January, 1914.	Total.	Convicted.	Discharged or Acquitted.	Escaped or Fugitive.	Insane	Awaiting Trial.
Forgers.....	130	84	27	111	118	41	7	1	74
Burglars.....	12	..	..	..	5	3	..	..	4
Hold-up robbers.....	1	2	..	2	3	..	..	..	..
	143	86	27	113	126	44	7	1	78



# AMERICAN INSTITUTE OF BANKING BULLETIN



Contributions for this Department must be received by the Educational Director of the Institute not later than the 20th of the month preceding publication.

## INSTITUTE ADMINISTRATION.

### EXECUTIVE COUNCIL.

1914.

WILLIAM M. ROSENDALE, *Chairman*.....New York City.  
F. A. CRANDALL.....Chicago, Ill.  
WILLIAM H. FARR.....Detroit, Mich.  
JAMES D. GARRETT, *ex-officio*.....Baltimore, Md.  
B. O. HILL.....Pittsburgh, Pa.  
W. B. KRAMER, *ex-officio*.....Scranton, Pa.  
BYRON W. MOSER, *ex-officio*.....St. Louis, Mo.  
F. J. MULCAHY, *ex-officio*.....Minneapolis, Minn.

1915.

C. W. ALLENDORFER.....Kansas City, Mo.  
ROBERT H. BEAN.....Boston, Mass.  
H. J. DREHER, *ex-officio*.....Milwaukee, Wis.  
T. R. DURHAM.....Chattanooga, Tenn.  
Q. B. KELLY.....Salt Lake City, Utah.  
L. H. WOOLFOLK, *Vice-Chairman*.....Seattle, Wash.

1916.

W. O. BIRD.....Denver, Colo.  
EUGENE J. MORRIS.....Philadelphia, Pa.  
GEORGE H. KEESEE.....Richmond, Va.

### OFFICERS.

WILLIAM M. ROSENDALE.....*Chairman Executive Council*  
Asst. Cashier Market & Fulton National Bank,  
New York City.

H. J. DREHER.....*President*  
Asst. Cashier Marshall & Ilsley Bank,  
Milwaukee, Wis.

JAMES D. GARRETT.....*Vice-President*  
Asst. Treasurer Central Savings Bank,  
Baltimore, Md.

W. B. KRAMER.....*Secretary*  
With Lackawanna Trust & Safe Deposit Co.,  
Scranton, Pa.

F. J. MULCAHY.....*Treasurer*  
With Minnesota Loan & Trust Co.,  
Minneapolis, Minn.

GEORGE E. ALLEN.....*Educational Director*  
Five Nassau Street,  
New York City.

## INSTITUTE SUCCESS.

Consistent Devotion to the Education of Bankers in Banking—The Institute Study Course Followed with Practical Uniformity in All City Chapters and the Correspondence Chapter—Scope of the Institute Lesson Pamphlets and Collateral Exercises—Methods Used in Class Work and Correspondence Instruction.

THE success of the American Institute of Banking Section of the American Bankers Association is due largely, if not solely, to the fact that it attends strictly to its own business of educating bankers in banking and maintaining a recognized standard of education by means of official examinations and the issuance of certificates of graduation. In suitable cities bank employees are organized in chapters for educational work in accordance with the class method of instruction. Students outside of city chapters are associated in the Correspondence Chapter and provided with instruction by mail. Chapter organization and education are thus made uniform and universal. To qualify students for official examinations for Institute certificates, which are termed final examinations, the Institute provides a standard course of study in the form of serial lesson pamphlets and collateral exercises, covering the theory and practice of banking and such principles of law and economics as pertain to the banking business. No additional text literature is required. The course of study thus arranged is divided into two parts, each of which requires about a year or class or correspondence work under approved instructors. Part I pertains to Banking and considers the subjects of "Wealth and Banking," "Bank Accounting," "Loans and Investments," "Clearing Houses and Trust and Savings Institutions," and a final examination in review. Part II pertains to Law and considers commercial law in general and banking law in particular, with special

reference to negotiable instruments. The lesson pamphlets pertaining to Law cover the subjects of "Laws of Contracts," "Agency and Associations," "Sales and Bailments," "Negotiable Instruments," and a final examination in review. In Chapter Class Work the text-literature and collateral exercises contained in each of the foregoing pamphlets are designed to occupy six sessions of two hours each. Some of such lesson pamphlets may require less, and some more, than the time severally prescribed for class work, but average time specified must be substantially maintained. In Correspondence Instruction each pamphlet constitutes a single lesson, which average students should complete in about two months. Credit is given severally for final examinations successfully undergone, but Institute certificates are issued only to students who have passed final examinations in both parts of the Institute study course.

### Part I—Banking.

Wealth and Banking.—The Institute lesson pamphlet on "Wealth and Banking" considers the theory and practice of banking and such principles of economics as pertain to the banking business, including value and utility, demand and supply, money and prices, production, distribution, consumption, exchange, money and currency, monometalism and bimetalism, bank notes and the principles on which they are issued, United States coins and currency, bank evolution, foreign banks and banking, early American banking, First and Second banks of the United States, State bank currency, modern American banking, bank organization and administration.

Bank Accounting.—In bank accounting it is more comprehensive to begin with the statement of condition as the central idea and work down, than it is to begin with detail accounts and work up. Education in bank accounting implies comprehension of accounting principles and not mere form-following. The Institute lesson pamphlet on "Bank Accounting" con-

siders the subjects of resources and liabilities, cash and reserves, work of receiving and paying tellers, individual ledgers, city and foreign collections, bank examinations, what National bank examiners are required to do, unofficial examinations, circumstances that indicate safety and soundness or the reverse.

**Loans and Investments.**—The Institute pamphlet on "Loans and Investments" considers both the theoretical and practical sides of the subject. The relationship between deposits and loans is discussed in a scientific manner, and special chapters are devoted to essentials in granting credit, credit departments, business statements and their analysis, commercial paper and brokers, stocks and bonds and their classification, stock exchanges and banks, bonds and their elements of security. While most bankers are more directly interested in promissory notes than in bonds, the student of banking should be a sufficiently skillful diver into the depths and shallows of corporation finance to distinguish the difference between water and bed rock.

**Clearing House and Trust and Savings Institutions.**—The Institute pamphlet on "Clearing Houses and Trust and Savings Institutions" has been prepared under the supervision of the Clearing House, Trust Company and Savings Bank Sections of the American Bankers Association. The pamphlet considers the subjects of clearing house exchanges, clearing country checks, clearing house loan certificates, the clearing house principle applied to general banking, collections and transits, universal numerical system, trust companies and their functions, trust funds and their investments, trust company earnings, mutual and stock savings banks, savings bank supervision, savings bank deposits, dividends and their computation, mortgage loans and bond investments.

#### Part II—Law.

**Laws of Contracts.**—The purpose of Part II of the Institute study course is not to make lawyers out of bankers, but to teach bankers sufficient law to enable them to act intelligently upon established legal principles and refer doubtful questions to a lawyer. Commercial law is based upon contracts, and the lesson pamphlet, entitled "Laws of Contracts," considers the subjects of capacity of parties, offer and acceptance, consideration in contracts, form of contracts, interpretation of contracts, assignment of contracts, discharge of contracts, breach of contracts and quasi contracts.

**Agency and Associations.**—The Institute lesson pamphlet on "Agency and Associations" covers the subjects of agencies, partnerships and corporations. The law of agency considers the relationship between agents and principals and the relationship of each to other parties. The law of partnership considers the formation of such associations and the rights and liabilities of partners among themselves and their relationship to others. The law of corporations considers their powers and limitations and the duties and responsibilities of stockholders, directors and officers. Particular attention is given to corporation securities, including indentures upon which securities are based. Indentures are analyzed and typical forms furnished of bonds and collateral contracts.

**Sales and Bailments.**—The Institute lesson pamphlet on "Sales and Bailments" considers the subjects of sales and contracts of sale, mistake, fraud and illegality, passing of title, conditions and breaches of condition, forms of warranty, delivery and payment, remedies of sellers and buyers, principles of bailment and rights and liabilities of parties, pledge and hypothecation, collateral loans, warehousemen and warehouse receipts, common carriers' bills of lading, straight and order bills of lading, and safe deposits.

**Negotiable Instruments.**—The Institute pamphlet on "Negotiable Instruments" considers their formal requisites, consideration and its sufficiency, liability of parties, absolute and personal defenses, holders in due course, overdue paper, damages and interest, presentment for acceptance and payment, notice of dishonor, and protest and certificate of protest. The Negotiable Instrument law as adopted in most States is given in full, with complete notations of differences in various State statutes. Cross references are made between sections of the statute and paragraphs in

the text literature, and the pamphlet is comprehensively indexed.

#### City Chapters.

In suitable cities students of banking are organized in chapters. Such organizations should be regarded as schools, and not as social clubs. Practical experience has demonstrated the fact that chapter success depends upon recognition of the Institute course of study as the basis of all chapter work. Miscellaneous lectures and debates are valuable adjuncts, but when such features are made paramount the best educational results are not attained. General meetings, consisting of addresses and discussions on banking and kindred subjects, should be held monthly from September to May inclusive, and class work in the Institute study course should be conducted weekly during the same period, except, perhaps, during weeks in which general meetings are held. Chapter class work is merely the adaptation of ordinary school methods to the particular subject of banking. Each class member is supplied with a set of the serial lesson pamphlets, and instructors are expected to conduct examinations prescribed in connection with each pamphlet. The examination questions at the end of each pamphlet may be elaborated to suit local circumstances, and thus form the basis of general discussion among class members under the guidance of the class instructor. It may be assumed that the collective knowledge of the class is sufficient to cover any knotty point that may arise, but should any question remain in doubt, it is suggested that the matter be assigned to one or two members of the class to be investigated and reported back to the class at the next meeting. In any small city chapter the chief difficulty in conducting a study class is to obtain a suitable instructor. Professional teachers are seldom available, and few bank officials have the time, even if they have the inclination and ability, to do the necessary work. Different instructors for each lesson pamphlet may be expedient.

In chapter class work the Institute lesson pamphlets and lectures by instructors should be logically combined. Lectures alone are generally insufficient. Both lesson pamphlets and lectures should be supplemented by the prescribed examinations. Text-literature and lectures are educational food. Examinations are the process of digestion. The mind as well as the body requires exercise, and the student who ducks or dodges examinations is like the dyspeptic who bolts his food, or the athlete who sidesteps his training. The fact should be appreciated that examination is something more than measurement and certification. Students who realize that they are to be examined pay closer attention to their lessons. The process of examination also corrects omissions and misconceptions otherwise inevitable in any system of study. Examination is a fundamental necessity in practical education, and not a scholastic superfluity, as some persons suppose or pretend to suppose. Upon completion of the examinations prescribed in connection with each of the lesson pamphlets constituting either part of the study course, the Institute will conduct a final examination covering the part of the course that the class has been studying. Credit is given severally for final examinations successfully undergone, but Institute certificates are issued only to students who have passed final examinations in both parts of the Institute study course. Members of study classes in chapters are severally supplied with lesson pamphlets in Part I pertaining to Banking at the rate of \$2 for each class member, which includes final examination in the general office of the Institute. The same terms and conditions apply to Part II pertaining to Law.

#### Correspondence Chapter.

Outside of study classes in city chapters, equally effective instruction is provided by the Correspondence Chapter. In correspondence instruction each student is supplied with the serial lesson pamphlets and collateral exercises. The exercises in connection with each lesson are to be submitted to instructors whenever done. The work of students thus produced is corrected and returned with such criticisms and suggestions as may be helpful in each case. Average

students get little benefit from books alone. What most of them need is a teacher to direct and encourage them. The usefulness of a teacher is not so much to impart specific information as to stimulate the ambition and interest of students and to systematize and verify their work. The correspondence method of study lacks the inspiration of social contact, but the personal relationship established between students and instructors stimulates ambition, and the fact that all lessons must be written insures thought and thoroughness. So far as actual acquirement of knowledge is concerned the advantages of the correspondence method of instruction fully offset its disadvantages. The class method implies the personal association of students under the direction of an instructor. The correspondence method provides for the individual instruction of students from the general office of the Institute. A combination of class and correspondence methods is expedient where duly enrolled correspondence students can meet informally and discuss the lesson pamphlets among themselves. Under such circumstances no instructor is required, as the examinations in connection with each lesson pamphlet, as well as final examinations, are conducted by the Institute direct. The cost of correspondence instruction thus provided, including lesson pamphlets and all serial as well as final examinations, is \$15 for Part I pertaining to Banking and \$15 for Part II pertaining to Law. Payments for each of the two parts may be made separately. One-third reduction from such rates is made to individual students who are employees of institutions that are members of the American Bankers Association.

# FORGERY.

By A. L. Wise, of the City Bank of Syracuse—  
Address before Syracuse Chapter of the American  
Institute of Banking.

TO be able to detect forgery one must be able to distinguish the writing of one individual from that of every other. Questions of the deepest interest are often involved in the determination of the real author of a given writing. About one hundred and forty years ago, in a paper published in London, there appeared certain articles attacking the Government and signed "Junius," and later letters, evidently written by the same hand, but signed "Julius" and "Brutus." The writer displayed an intimate knowledge of his Government's affairs and was evidently in possession of information supposed to be had by only those closely allied to the throne, consequently the letters stirred up much comment, and after long and tedious efforts, Lords Stanhope and Macaulay were convicted as the authors, although there is a serious question in the minds of some as to the justice of the conviction. In any event, these letters have attracted the attention of handwriting students ever since and form an interesting story.

## Who is an Expert in Handwriting?

One has said that anyone who has accepted money for his services as such may call himself an expert, but this would seem to cheapen the profession. W. E. Hogan, expert in handwriting, says bank tellers undoubtedly do acquire a certain amount of experience in determining the genuine character or forgery of signatures of persons with whose writing they are acquainted, but that their experience does not necessarily qualify them to judge the signatures of persons other than those with whose writing they are acquainted. This condition, he says, does not apply, however, to such bank tellers who, apart from the little experience their routine business gives, make signatures and the habits of persons in writing a study and become proficient therein. Cashiers of banks, postmasters, writing teachers and others whose business brings to their attention many specimens of penmanship, are often called as witnesses in forgery cases, but unless these men have carefully studied the subject in question they cannot be counted as really competent to pose as experts. The nature

of their business, as a rule, is not a question so much of what the writing is as what it stands for. If such men mix study and observation with their opportunities they may become qualified to judge of the genuineness of signatures.

## What is Forgery?

A forgery consists either in erasing from a document certain marks which existed upon it, or in adding others not there originally, or in both operations, or of representing as genuine a totally new document which is not genuine.

## Changes in Appearance Accounted For.

A signature, especially that of a business man, is repeated again and again from the time he enters school until death, and yet we find that it changes more or less as times go by. New ideas are worked into the writing, both as to style and shape of the letters; additions or eliminations of flourishes change appearances. The position which one assumes when writing makes a notable difference. For instance, there is a freedom of movement seen in the writing of a man sitting at his desk in his office coat as compared with that while standing, using a book on which to place the paper and wearing an overcoat. Again, a man's physical condition is in a measure reflected in his writing. One who has been sick or has been lifting a heavy burden or has been subjected to a severe physical strain may show a tremor in his writing. A man whose hand is chilled is apt to show a lack of freedom. Liquor affects the hands and fingers of some writers, while others do not appear to be affected by it in any way. The pen, ink or paper used materially affects the result. A woman may sign a paper while her hand is encased in a tight-fitting glove, but she cannot have the natural ease she otherwise would have, and her writing shows it.

## Character and Characteristics.

The casual observer notices all these, but to the one who has studied handwriting they are but the coat or covering of the real thing. It is quite natural for a man to be symmetrical in his writing and to unconsciously embody in it his own character. In the writing of all people may be found habits expressed in the shape of character, the connection of letters or lack of connection, the slant, etc. More or less comment has been passed upon lead-pencil signatures, and everyone has heard this expression, "That was written with an indelible pencil," just as though the ease of its erasure were the only point in question. As a rule, people do not try to erase signatures, although a lead-pencil writing carried in the pocket or handled is apt to lose its original appearance. Ames says: "It is often desirable to decipher pencil writing which has been removed, or practically so, by rubbing. This is accomplished through the proper study of the indented lines, which will remain more or less in the paper after the graphite or plum-bago has all been removed. By examining the furrows under a strong side or horizontal light their shadows will sometimes reveal the outlines of the former writing. Frequently a greatly enlarged photograph will aid in deciphering." There is a case on record where an attorney in writing a letter for an aged man to his son used a pencil in writing the letter, but handed the old man a fountain pen with which to sign it. Instead of forwarding the same, he carefully erased what was written, and then with pen and ink proceeded to make a will, naming himself as executor and chief beneficiary and giving but little to the son. The signature was genuine and in ink, but in the end the document was not only found to be a forgery, but the very substance of the letter was reproduced.

## Forgery Easier with Pencil than with Pen.

It is much easier to forge writing with a pencil or stylographic pen than with an ordinary steel pen. The features which give individual character to lead-pencil writing mainly relate to the form of letters and their connection. Apart from the resemblances

of the form, there is little else to depend upon when examining lead-pencil writing, and it is most difficult to analyze. I call your attention to the fact that, under a glass, you may observe how the nibs of a metal pen open and close by using much or little pressure. Now the forger has another obstacle, for when a steel pen is used, by an ordinary magnifying glass we come to know how the letters were formed and what force was used in making certain letters and characters or parts of them. One line in crossing another leaves a telltale mark in the furrows made by the nibs of the pen at the first crossing. If you start to form a letter and stop, or even hesitate, this fact is recorded on the paper if you use a steel pen. Now I submit that the forger is apt to hesitate now and then, and this fact, being recorded, scores against the writing in question. This would seem to favor the use of a pen with nibs. Of course, any writer sometimes stops or does something else unusual, so we could not throw out a signature or other writing because it was not exactly like the one used as a standard for comparison; but after many specimens of genuine handwriting are examined, the expert finds that the writer has certain habits of writing. It is expected that everyone will violate some of these habits, but the courts would not allow a writing to stand if there were an unreasonable number of violations of habit.

#### Disguised Writing.

To those of you who have tried to disguise your writing for obvious reasons may have come the conclusion that it was a hard task—you sought to have it appear different from your usual hand and yet pass as having been written by a free hand and legible. You failed from a twofold cause. You cannot avoid all your own unconscious habits nor assume the unhesitating and natural faculty with which natural writing is executed while trying to be unnatural.

#### It is Difficult to Lose One's Own Characteristics.

In forgery or imitated writing the more obvious and conspicuous things attract the writer's attention, while the more numerous, minor peculiarities are entirely overlooked. Some years ago, one known to the writer, to satisfy a friend, addressed an envelope to a certain party who was also known to him. He used his left hand so as not to be suspected. The writing when completed, however, resembled his usual hand so much that he would not allow it to be used. It is often noticed that when the left hand is made to do the writing, because of broken fingers or other disability, there has been, after a little practice, a good representation of the former writing. Daniel T. Ames, who has spent half a century or more in the study of such matters, states in one of his books that he has known of several instances where persons accustomed to write with their right hands have, for some cause, substituted the left hand. In all cases where a similar slant has been maintained the writing of the left hand has assumed a correspondingly close resemblance after practice. The kind and color of ink used in an instrument, as well as the quality of paper, are items of interest when documents are thought to have been changed or new sheets substituted or added. The court records show cases where documents bearing ancient dates have been written on paper not manufactured until years after such dates. Typewritten manuscripts supposed to have been written at a certain time have been found to have been written with a type not made until after the date in question. Men have been convicted of forgery where the question was a change in a deed, which change witnesses testified was made before it was signed by the person drawing the deed on the typewriter originally used, and yet the expert proved that the type used in making the change was that of another make of typewriter. A defective letter or one out of alignment has been the telltale connection in proving or fixing responsibility where anonymous letters have been written on a typewriter. Where a paper has been folded and later a pen made to cross the fold, the fact is recorded, because the fiber in the paper has been disturbed by the folding, and so the ink spreads at that point.

#### Peculiar Characteristics.

Some have a way of beginning a capital letter in an unusual way, either above or below the line, or perhaps a peculiar, unique construction. It may be the first letter of the Christian name or of the surname. We have seen the first letter of the Christian name made after the last letter of the surname by a dexterous flourish of the pen which left a connecting trace and placed the initial referred to in just the right place on the paper. These peculiarities, while they do not agree in measurement, are hard to imitate, for, while the general appearance may be affected, the writing lacks the ease and dash of the genuine signature, even though it may appear to be more symmetrical.

#### Angles.

The angle or slope of the longer letters, b, d, f, g, h, etc., may be studied with profit. A forger is apt to be so much interested in the formation of a letter that he overlooks the angle which naturally is determined by the structure of the arm of the writer and his habit of using a particular point of it as a pivot.

#### Circumstantial Evidence.

More checks are cashed on the strength of accompanying circumstances than on the certainty of the genuineness of the signature. From Schenectady we get this incident: A certain man, having an account at a bank, had his boy sign his checks and then presented them himself for payment. The teller, of course, would hardly turn down the check as other than genuine when presented by the one whose name was on the signature line, and yet this party set up the claim that forged checks had been paid by the bank after they had paid other checks issued to unknown parties bearing the signature made by the boy above mentioned. The intended fraud was apparent and the bank did not lose.

#### Study Writing if You Would Know It.

It is not an easy thing to copy another's writing so closely that a little study will not locate the difference. A person who is an illiterate writes with a labored effort, and if one used to the pen attempts to follow his inkmarks he is very apt to write better than the maker of the copy ever could. If the forger tries to copy a feeble, infirm or palsied hand, the letters do not have the natural tremor seen in the genuine. Some writers have a habit of tracing or, as it is sometimes called, painting over letters after they have been formed. They probably did it in the beginning because the ink did not flow freely, but finally came to do it as a matter of habit, and, indeed, they may become so expert in this particular that you hardly notice the effect of such retouching unless you use a glass. The signature of some persons is like an uneven picket fence, just marks up and down, with the barest kind of connecting links. Probably the hardest writing to imitate closely is the plain, legible hand of a careful writer.

#### Method of Forging.

There are different ways of forging. Some accomplish the result by first tracing on transparent paper; then by using carbon paper and finishing with pen and ink. Others treat the paper to be used with a certain solution which renders it transparent, and make the copy direct, after which the paper is again restored to its opaque condition; while others place the original copy on glass and arrange it so that the light will aid in showing the outline of the letters. Still others seek by practice to make a free-hand copy which will pass muster. Each process takes time and patience, and there is always evidence, though sometimes obscure, by which the expert differentiates. In central New York, not a great while ago, an interesting forgery came to light. It was made in part by tracing and in part by free-hand movement. The part traced was found to be an exact counterpart of a receipt given at an earlier date, except as to amount, date and purpose. The original receipt was written on ruled paper, while the new one was written on unruled paper. The party whose name

was used was not given to writing much and was subject to epileptic fits. A tracing made upon isinglass, while superimposed over original receipt, using only such words as appeared in the new receipt, was afterwards placed over the new receipt and clearly showed the words used to be in the same field, following the lines precisely, although this paper was not ruled. The new words do not follow the lines and appear strange in appearance and unlike the rest of the receipt. A comparison of the letters in the new matter with such letters in the bond where the endorsements had been made showed that they were very unlike in character. A comparison of such words as "received," "interest to date," etc., where they were written many times directly under each other, as interest was paid, showed similarity in formation and character, but actual measurement showed them to be very unlike. As a matter of opinion, however, if this party had somehow lost the receipt which had been used as a model, the outcome would very likely have been different. There have been, and probably always will be, men and women who will by such means undertake to secure what does not rightfully belong to them. By their operation our wits should become sharpened, and they usually find that "The way of the transgressor is hard."

### FOREIGN TRADE AND CREDITS.

By John Claussen, Manager of the Foreign Department of the Crocker National Bank of San Francisco—Address before San Francisco Chapter of the American Institute of Banking.

THE casual observer of foreign trade conditions cannot fail to be impressed by the inevitable progress of economic developments in our relations with foreign countries. In view of the greatness and steady growth of our foreign trade, it is therefore desirable to determine the countries which buy our goods freely, not alone for the purpose of finding out where our goods are sold, but also to discover the countries enjoying the largest measure of prosperity. Practically every country—with the possible exception of England (with its colonies) and Germany—provides for itself the greater portion of its necessities, and in times of depression is able to get along without importing any very large quantity of food and raw material. When, therefore, a country is buying goods from another land freely, it is evident that its people are enjoying great prosperity. The condition of prosperity in a country is reflected by the magnitude of its imports. However, where large imports into a "debtor" country reveal its ability to borrow freely, large exports to neighboring countries show the growth of its permanent wealth and power.

The really wonderful expansion in our exports, both to foreign countries and to our own possessions, impresses upon us the necessity of becoming more familiar with the proper handling and financing of our shipments abroad. The universal clamor of our merchants for banking facilities in foreign countries—more particularly in Central and South America—is well founded, and banks throughout the country should take early heed to establish suitable relations in order to adequately care for the requirements of their clients. Trade is ever the forerunner of finance and it is essential that the American merchant should take the initiative by preparing a systematic and vigorous campaign for the sale of his goods in foreign countries; and if the proper spirit of co-operation is exercised, he need have no fear of any handicap, as capital will spontaneously follow with ample facilities for transportation and banking. These facilities will go hand in hand with trade, and they will grow together.

What we must, therefore, first look for is the development of our foreign trade, and to properly do that we must acquaint ourselves with the customs and languages of foreign countries, and also modify the present home business-winning methods to suit the sentiments and prejudices of our foreign friends. Knowledge of foreign currencies and exchanges is indispensable if an intelligent competition is to be

sustained abroad. We must know what we can sell, and under what conditions we can negotiate our goods, as it becomes necessary to meet the competition of all other countries; and to do that successfully we must study and meet the requirements of our buyers, or retire from the field of the world's commercial struggle.

When inquiring as to the prosperity of a country, people never fail to glance at its trade returns and to note any increase or decrease in its imports or exports. If a country has discovered new natural resources in its soil, or has found means of making better use of the productive powers already known to it, then it exports; and, accordingly, the whole of its foreign trade increases, which undoubtedly is a sign of prosperity.

Our Government encourages and facilitates such studies, as is demonstrated by the establishment, in the year 1903, of the Department of Commerce and Labor, with its organized effort to develop new markets for our products, either locally or in foreign lands. The Bureau of Manufactures has since been created, and in August of last year the Bureau of Foreign and Domestic Commerce was organized—to foster, promote and develop the various manufacturing industries in the United States and create a market for its products at home and abroad. It is apparent that but few merchants and bankers realize the valuable service that can be rendered them by the Federal Government in developing a foreign trade.

### Financing Our Foreign Trade.

The building of the Panama Canal involves the expenditure of over four hundred million dollars, and when completed will open a great new trade route, which, we are prone to believe, will immediately place our country in a position to command the greatest share of the Pacific trade. In this, however, we must not be illudioned, as, unless we speedily reform our banking system so that we may be in a position to adequately finance the Panama Canal trade, a good part of the capital invested for the construction of the great Canal will be wasted, and our competing neighbors in Europe will derive the benefit of our undertaking. We must therefore endeavor to get the commerce and finances of our country intimately interwoven and related, and when this is successfully accomplished we will have the most powerful combination in the world, namely, the control of trade and credit.

Our banks are now forbidden by law to accept trade or finance bills—which makes our banking system unique and unlike that of any other country—and while I am not prepared to admit that an American organization with the specific object of financing commercial operations with foreign countries is vitally essential for the development of our trade, it seems to me that it is desirable for our banking institutions to inform themselves fully on the subject, and then provide such changes in our present system as will secure and hold the trade firmly in our hands. In other words, I believe the only practical way is to do the financing through a center in our country—say New York—precisely as at present it is done in London and other European points.

Foreign banks, more particularly those in London, practically now finance our foreign trade, and for that service the banks in this country are paying them a fancy remuneration. It may be of interest here to show how the London bankers finance our foreign trade, and we may take as an example a shipment of merchandise from South America to a commercial center in the United States.

The shipper in South America is not in a position, we will say, to await the arrival of the merchandise in the United States and the return of a remittance before receiving in cash the amount of the invoice. On the other hand, the purchaser here is unable, for various reasons, to effect payment before the goods arrive and until they have been paid for by his customer.

A "commercial letter of credit" is therefore suggested and supplied by his local banker, which authorizes the shipper in South America to draw against the bank's London correspondent—say at ninety days' sight—with shipping documents attached, covering

the value of merchandise to be shipped. The issuance of this "credit" is duly advised to the London bank, and the letter of credit is delivered against the usual guarantee of the merchant here, who in turn forwards the same to the shipper with the necessary instructions to effect shipment within a specific time (which is also noted on the credit), as well as the manner in which the insurance is to be effected. Immediately upon receipt of this instrument the shipper arranges to make the shipment, obtains the required set of bills of lading, invoice and insurance certificates, and takes them with the letter of credit to his local banker, who prepares a draft on London drawn under the terms of the credit. The draft is then discounted and the shipper receives his money.

The South American banker then forwards the draft and documents—excepting such documents as the bank that extended the credit may instruct to be forwarded direct to them—to his London Agent. When this draft and documents reach London, an "acceptance" is secured and the bill is then held for maturity, or discounted, as may best suit the interests of the negotiating bank in South America. Upon acceptance of the bill, the London bank that gave this requisite retains the documents, which are later forwarded to the bank in the United States that opened the credit, with an advice of the amount for which the draft has been accepted, as also the date of maturity.

The documents are then delivered to the customers, under what is termed a "trust receipt," and they, after defraying the amount of duty, obtain possession of the goods. Some ten or fifteen days before the draft or acceptance becomes due in London, the amount is converted into United States currency at the prevailing rate of exchange and collected from the client, who is also called upon to pay the usual commission charges. The amount collected is then credited by the local bank in the account which is carried with its London correspondent—the accepting bank—and thereby provides for the draft at maturity.

On all such transactions the London bank—while in no way advancing any money—receives a substantial commission.

When we now consider that the total exports of merchandise from the United States to foreign countries will approximate twenty-two hundred million dollars in the fiscal year of 1913, and our imports will conservatively run into seventeen hundred million dollars, it can readily be seen that large profits resulting from acceptance and commission fees are yearly poured into the coffers of our banking friends abroad.

The present prohibition of bank acceptances does not only act as a hamper upon our foreign and domestic trade, but is, for obvious reasons, a detriment to our financial institutions as well, and in my opinion there is no valid reason why bank acceptances—to at least a moderate extent—should not be legalized.

It will here be of particular interest to my Texas friends to learn that during the year 1912 our exports of cotton to British India amounted to seventy thousand bales, valued at three million seven hundred and fifty thousand dollars; and to China the exports of raw cotton for the same period were twenty-eight thousand bales, valued at one million five hundred thousand dollars. When we consider that these countries are also producers of raw cotton, this movement is quite a recent—very pleasant—and beneficial development in our trade, more particularly when cotton exports to either of these countries were practically nil prior to the year 1911.

The world's production of this commodity is estimated to be seventeen million bales (500 pounds to the bale), of which, approximately, twelve million bales are grown in the Southern States of our country. The question, therefore, of properly financing the immense production of this and other commodities should not alone be of great interest, but also of vital concern.

#### Financing Our Domestic Trade.

In Europe authoritative institutions lay down the discount and loan rates which automatically guide the entire banking system in its dealings with individual clients, and the existence of an open discount

market which permits financial institutions to employ funds in the purchase of bankers' and prime merchants' acceptances and to rediscount the same when cash funds are needed—these are the principal aids to a more liberal system of financing our trade at home.

Of course, the value of money, apart from the question of whether the open market rate of discount is slightly over or under the bank rate, will be governed by the strength of a selected central institution, and the prospect of a demand upon its stock of gold reserve, as is the case with our British friends and their relations with the Bank of England.

When trade is active the supply of bills becomes large and rapidly absorbs the loanable funds of banks. As the demand for funds in this direction becomes active, the banks are unwilling to discount except at advanced rates.

If trade is inactive, less accommodations from bankers are required, and results in a keener competition for the few bills offered in the open market, with a consequent decline in the rate of discount.

While these conditions are symptoms in governing the discount rates in Europe, our "call-loan rate," as quoted in the New York market, only has an indirect relation to trade conditions, and registers mainly the speculative demand for stocks.

Complete banking co-operation is absolutely necessary to control arising panics, and while our banks have demonstrated this by being compelled in times of stress to fall back upon their local clearing house associations, it is only by co-operation and the consequent fixing of a uniform rate of discount that we can control the flow of gold and thereby prevent our periodical panics.

The ready elasticity of credit which such a discount market would give at home, as a matter of fact would also have its direct effect upon our foreign trade.

"Trade bills," it is said, were in common use in Venice as early as the thirteenth century, and have even been traced back to the Florentines, by whom they were first used in the twelfth century. A "trade bill" means a draft drawn in connection with actual trade operations, and the term is used to distinguish the paper from a bank, finance or accommodation bill.

#### Foreign Departments.

It is only within recent years that the "foreign department" has become a recognized institution in the United States, and the education of the American banker along these lines, the need of specialization and knowledge of foreign banking and exchange methods, cannot be too strongly urged. It should be the object of every progressive bank to wisely train young aspirants for such positions. Education in that line is tending to have a broader meaning, and we are realizing more every day that to be a successful foreign exchange banker a person must know something besides mere technical banking.

The present is often called the "Age of Specialization," and it is so in a very large sense, but specialization has its limits, and those limits are the intimate connections to-day between every line of human activity in the civilized world.

There are a great many bankers who, while perfectly willing to reap the benefits derived through a "foreign department," hesitate to install one, claiming that they do not understand the business, and are therefore unable to efficiently control its manager and his varied operations. These are very poor excuses, and unless the particular banker offering such an argument begins to make a special study of foreign credit and exchange conditions as they exist in financial centers he will soon be obliged to deal in unknown quantities—which condition he cannot well control, with his own country catering for new and larger fields and outlets for its products.

Special efforts should therefore be made by banks to develop foreign business, and in seasonable time the establishment of desirable connections abroad should likewise be observed; not because the foreign exchanges themselves exercise a strong influence on international trade—their fluctuations produce a powerful effect upon those countries where the currency

is defective, where, therefore, the limits of fluctuations of the exchanges are very wide.

To properly handle foreign exchange operations it is necessary to keep fully posted on the principal rates as they are quoted in the leading financial centers, from which a "parity" is figured, enabling a quick determination of handling any proposed transaction to the best advantage. For instance, an inquiry for exchange on Germany may disclose the fact that the given rate is not competitive, and it may, therefore, become necessary to operate against, say, francs in Paris or sterling in London, from which will be seen the advantage of receiving the fore-mentioned information, as it offers all the possibilities of successfully operating in the international exchange market.

It will be found in practice that finance bills are generally drawn freely when exchange is high, and, conversely, an absence of these bills will be noticed whenever exchange is low. Foreign capital will travel to the United States more readily when exchange rates are quoted high in Europe, and will, in turn, be withdrawn from here when exchange rates are low abroad.

There are two main factors which generally affect foreign exchanges; one is the relative indebtedness of the respective countries. If this country, for example, is in debt to the other, then the price of bills on that country naturally tends to rise in the market, because the merchants compete with one another in their endeavor to buy bills to remit; while in the other country's market the price of bills on this country brings about a fall in the price, owing to the lack of demand. The other disturbing factor is the value or price of money in the respective countries, regulated by the rate of discount ruling in each.

To successfully finance the steady growth of our foreign trade necessitates a very active business in the settlement of balances of trade indebtedness. These balances are constantly varying, not alone in amounts, but also in direction. A certain country may, for instance, at times be in debt to this country, and again, shortly afterwards, the position may be reversed and we will be owing them.

#### WHAT THE INSTITUTE DOES.

By George H. Keese, President of Richmond Chapter and Member of the Institute Executive Council—Institute Work in the Correspondence Chapter, as Well as in City Chapters—Address at a Group Meeting of the Virginia Bankers' Association.

**T**HE American Institute of Banking—What is it? Back in 1900, when the American Bankers Association met in Richmond in annual convention, they first started the organization of what is known as the American Institute of Banking, and I can hardly believe that the promoters ever dared dream the movement would meet with such success as the present has brought to our organization. The principal thought was, and is, the uplift of bank employees by increasing their efficiency through technical education and the interchange of ideas. The banker of to-day requires knowledge of a wide range of subjects, such as money, finance, credits and instruments of credit, accounting, business building, together with crop and market conditions. The banks of the larger cities are of such size that it is necessary that they be divided into departments. Therefore a man employed in one department has little opportunity during the working hours to acquire definite knowledge of the workings of a different department. The man with ambition is not satisfied with these conditions, if there is a department in his institution higher than the one in which he is employed, and right here is where the Institute is of service. For while this man does not have the opportunity of learning the other man's duties during banking hours, yet by the exchanging of ideas in the evening meetings of the Institute he is able to get the principles of not only one desk, but in time a very general insight into each department of his institution. Now, in the smaller cities and the interior

towns, where there are a few employees, the bank clerk is expected to be able to fill any position in the bank, while the officers are expected to be able to answer almost any questions about business that a farmer or rural merchant may ask.

The clerk, if he will apply himself, can soon learn to handle the routine of the different desks, as their systems require little departmental work, but when he becomes an officer in his institution he has a much more difficult task, and should be able to answer correctly the questions put to him, and when I say correctly I mean, know that you are correct and give your answers so that your customers will feel that there is not the least bit of doubt in your mind as to your knowledge of the questions; and then, again, this officer should not learn these different points in Commercial Law at the expense of his customers. Now, to properly qualify himself to his new surroundings, there is no better opportunity afforded than through the medium of the American Institute of Banking. Thus we have the American Institute of Banking fulfilling a much-needed want in both the cities and rural districts, although in different manner. In the cities we have what are known in the Institute as chapters, there being nearly seventy scattered through the United States, with a membership of about 14,000. These chapters are regular organizations, holding meetings once a month, or oftener, according to the needs of the community and the enthusiasm of its members. On regular chapter nights technical and current subjects are discussed by the leading financiers of the day, and often by the younger chapter men themselves. In addition to this, study courses are conducted under paid instructors, and in the majority of cases the courses are Institute courses.

In New York last year they held classes five nights in the week, allowing the men to take such courses as they desired. In Richmond we held only one class a week, but with a very good attendance. You will say that rural districts and smaller cities do not have such advantages. It is true they do not have the same opportunities for getting together the large classes, but they can get the very same courses as the larger cities, and along these lines is where the Institute hopes and expects to do its next best work.

Right here is where I would like to get personal, and say something about your own city. Particularly have I reference to Roanoke. You must have at least fifty bank men in your town; Salem probably has five or six, and the Salem men can certainly give up one night in every two weeks, or in fact one night in every week to come over to attend classes. We in Richmond have several members in Petersburg who come about twenty miles to our meetings. With this number of possibilities, there is no reason why a chapter should not be organized in Roanoke. Surely there are a number of young men with the ambition to know more about their work. This can be accomplished to quite an extent by getting together, exchanging your ideas and, along with it, conduct regular study classes, and in that manner better equip the young man growing up in the bank with a full knowledge of his chosen profession, and, too, I believe the older men will find any amount of benefit to themselves when they attempt to impart their knowledge to others younger in the service. There is one man in our midst, Mr. Beerbower, who is an enthusiast about the Institute, and also a graduate in the Institute correspondence course; in fact, I believe he was the first certificate holder in the State. He was down at Richmond last month attending the Annual National Convention of the Institute, and in the six hundred and sixty-odd delegates from all parts of the United States he saw the fruits of the Institute training.

Those of you of the interior districts who do not have the opportunities of the fifty or sixty bank men in your immediate territory from whom to form these study classes, do not despair, for there is left to you the correspondence school. I might say in this particular that you have the advantage, in that there is more leisure in the evenings to give to study, not having to so great an extent the city's lure of the Great White Way. An hour or more devoted each

evening to the systematic reading and the study of Practical Banking and Commercial Law you will find to prove a very interesting winter's work, and when there comes the time for the budding of spring you will realize that your task has not brought you a harvest of wild oats, but a crop of knowledge which we might call the Staff of Banking Life.

The correspondence method provides for the individual instruction of the student from the general office of the Institute in New York, and the possibilities within the reach of this class of students can hardly be exaggerated. Often this direct contact through correspondence with the head of our educational department surpasses the work accomplished by classes in some of the chapter cities, and there are a number of cases in which the student, while taking the regular classes, in addition is following his study at the same time through the Correspondence Chapter.

As above stated, the text literature is the same in both the chapter class and correspondence courses. The course has two classifications: Banking and Law. The first, Banking, embraces such subjects as "Wealth and Banking," "Bank Accounting," "Loans and Investments," "Clearing Houses and Trust and Savings Institutions." The Law section considers commercial law in general, and banking law in particular, while great stress is laid upon the subject of negotiable instruments. The four pamphlets in the Law Section are under the following headings: "Law of Contracts," "Agency and Association," "Sales and Bailments," and "Negotiable Instruments."

At the completion of the studies the student is expected to stand an examination, although, of course, this is not required, and certificates of graduation are issued to the successful ones. The cost to the correspondent student is greater than to the class student, as there is considerable work required of the instructors, or examiners, at headquarters, while with class students there is only the expense of pamphlets and the final examination. For the Correspondence Course the cost is \$15 for each part, making \$30 for the complete course. To the employees of institutions which are members of the American Bankers Association the cost, however, is \$10 for each section, or a total cost of \$20.

I have attempted to give you a brief sketch of what the Institute is, its purposes, how conducted and the cost, yet this, with but one object in view, namely, the benefit to be derived. The present and future have placed a premium upon the trained men, and especially so in modern banking, which has already become a science in which the division of labor is so minute that the daily routine does not give the employee knowledge of the principles of his profession. Therefore the need of an organization like ours, that brings together those employed in the many different departments to a common center.

The membership of the Institute should, and would, include every bank employee if the appreciation of the benefits of the Institute were universal. What more could you desire than the realization of the fact that one hundred hours of study to quite an extent had put you master of your chosen vocation?

Don't think that this alone will make you a banker, but if it is in you to ever become a banker, you will find the Institute courses a wonderful assistance in polishing off the rough edges. In by far the majority of cases the young men who are receiving official recognition in the cities are the men who are taking active interest in their chapters. For instance, in Richmond during the past eight years every officer appointed in the different banks, with possibly three exceptions, have been very active men in our chapter, and these exceptions, I think, in every case have been men brought to Richmond from out of the city.

A large percentage of you will no doubt make banking your life work. If this is true, then my parting injunction is, master the principles of banking; study the whys and wherefores of your profession, and if you are going to be a banker, be a real banker—a Leader.

## LANGUAGE AND PERSONALITY.

By George E. Allen.

IF you are or even hope to be anybody in particular you must be able to talk in public and write for publication. The object of speaking and writing should be to say something and say it exactly. This is no easy task although at first it may seem so. Try it. Ask yourself if the words that you use express your exact meaning appropriately and clearly. Is there no word that can be replaced by another expressing more accurately the idea you have in mind? Are the thoughts and words so clearly associated that neither can be changed without affecting the other? Can you translate the sentence into simple terms without injury to the meaning? This last is one of the crucial tests of composition. Another crucial test of composition is brevity. The creation of the world is described in the Bible in less than six hundred words. Only more important matters merit greater elaboration. Effective expression, however, is something more than artistic arrangement of words. It is the outflow of the soul. "Of the abundance of the heart," says the Bible, "the mouth speaketh." Persuasive writers and speakers are those who believe what they say. Their inspiration may be love, or it may be hate, but it must be truth or some conception of truth. No hypocrite can be a Demosthenes. No liar can be a Lincoln. In writing or speaking remember that the golden rule is no abstract idealism. It is the most practical thing in the practical life of this practical age. Whether your object be religious conversion, political persuasion, or commercial exchange, consider the welfare of your fellows and they will consider yours. Talk to people in their own language and on their own plane. They will not tolerate talking down from above nor talking up from below. They will not put confidence in anybody who does not put confidence in them. Neither will they submit to leadership which does not appeal to their hearts as well as to their heads. Never patronize. Never plead. Be yourself and be as worthy as you can, but do not pretend to be any better or any worse than other people. The spirit of brotherhood, the human touch, is the magnet that attracts mankind.

## GO THOU AND DO LIKEWISE.

BOSTON CHAPTER, under the wise administration of President Bears, has organized a branch in Worcester. This promises to prove a practical way of covering cities and towns that are suburbs of chapter cities.

## "EVERYBODY'S DOING IT."

By C. L. Eilers, Cashier of the First State Bank of Idabel, Oklahoma.

I AM enclosing herewith my answers to examination questions in "Negotiable Instruments." I cannot commence to tell you the amount of real good that this correspondence course has accomplished. In a general way I of course knew of many of these things, but I feel now that I am on a surer foundation and better fitted to render more efficient service to those who look to me for such.

## PUSHERS AND KICKERS.

SOME men are graciously inclined  
To push with vigor from behind,  
But many are disposed, alack,  
To get in front and then kick back!

—Chicago Record-Herald.

## THE GOLDEN BASIS.

WHEN the poor man's told life's story  
Then to heaven he retreats  
Where no millionaires in autos  
Speed along the golden streets.

—Atlanta Constitution.



# INSTITUTE CHAPTERGRAMS

Chaptergrams must be received by the Educational Director of the Institute not later than the 28th of the month preceding publication.

## POST-GRADUATE ANNOUNCEMENT.

By James D. Garrett, Chairman of the Institute Post-Graduate Committee—Subjects Presented for Post-Graduate Essays During the Present Year. Regulations Governing the Contest.

**I**N conferring the degree, "Associate of the American Institute of Banking" upon two of its members, the Institute has achieved a great success and the recipients have won a well-earned honor.

To them and to the Institute, the Post-Graduate Committee extends its most hearty congratulations.

By this achievement the Post-Graduate Course passes from the theoretical stage and becomes an established factor in the educational plan of the organization. Every Certificate holder should be stimulated, therefore, to make an earnest endeavor to secure this coveted degree.

The American Institute of Banking is the educational branch of the American Bankers Association; hence we are proud of each additional development and success along educational lines. With increased successes come greater responsibilities, so every Institute member should feel his individual responsibility to himself, his institution, and the opportunities which the Institute offers him.

Through years of experimenting and thoughtful development, the undergraduate course has become standard, and with that foundation the opportunity for research and more individual work is now given through the Post-Graduate Course.

Without precedent to guide it, the work of the former Post-Graduate Committee had necessarily to be experimental. Some time was lost in getting started, and as in the judgment of the Committee sufficient time had not been given to complete the course last year, the Committee recommended at the Richmond Convention that the same course and policy be continued during the present session. This course was outlined in a most complete manner and published in the BULLETIN of August, 1912, and also in the booklet issued last year entitled "A. I. B. Post-Graduate Education." This booklet may be had on application to the Educational Director.

As essays on but two of the subjects prescribed last year have been published, the other three subjects are retained, and two new ones added. The subjects for this year's essays are as follows:

1. Evolution of Bank Checks and their Effect on Currency Issues.
2. Centralization versus Diffusion in Control of Money and Credit.
3. Public Education in Banking and Finance.
4. Possibilities of Bills of Exchange in American Business.
5. Effect of the Federal Reserve Act upon Banking and Business Interests.

Special attention is called to the 5th subject—Federal Reserve Act. This is undoubtedly the most important subject for the banker's consideration at the present time, and gives an exceptional opportunity for the expression of original thought and the application of those principles of banking and economics which we have been endeavoring to master. As this subject is such a broad one, some latitude will be given, and essays may be written on any important phase of the whole subject. In this case, however, the subject chosen must be submitted to the Educational Director for his approval.

To avoid disclosing the identity of authors of essays, inquiries regarding subjects should be made by the Secretary of the Chapter.

All essays must be in the hands of the Educational Director by June 1, 1914.

The rules and regulations governing essays are as follows:

1. Essays must be typewritten and three identical copies submitted to the Educational Director not later than June 1, 1914. They should not exceed five thousand words.

2. Essays must bear fictitious names that will conceal the identity of their authors. In a sealed envelope addressed to the Educational Director each author must give his real name in connection with the fictitious name signed to his essay.

3. The Executive Council of the Institute will appoint judges to determine the relative merits of essays thus submitted.

The Committee solicits the co-operation of every Certificate holder, and will welcome suggestions from all Institute members.

## ALBANY.

By H. J. Hotelling.

**A**LBANY CHAPTER had a very interesting meeting January 15th, which was held at the National Commercial Bank. Hon. Newton B. Van Derzee, Surrogate of Albany County, addressed the meeting taking up the subject of the Surrogate Court and its connection with banking. Mr. Van Derzee is a very entertaining speaker, and he explained the various phases of the subject in such a clear and concise manner that all could understand. Our membership now stands at 130, and is steadily increasing. At every meeting this year, applications for membership have been received and acted upon. The Law Class is going along nicely with an average attendance of about 30. We are now taking up Negotiable Instruments, a subject in which every bank man should have a thorough knowledge. The boys are going to it with a vim that predicts success.

## ASBURY PARK.

By L. R. Hetrick.

**A**SBURY PARK CHAPTER held its first monthly meeting Monday evening, January 26th, at the Metropolitan Hotel when we heard an interesting address by Counselor Frank Durand on Contracts and Negotiable Instruments, followed by a quiz on Contracts by Judge Taylor, of the first District Court of Monmouth County.

Being only four weeks old, our Chapter now has a membership of fifty-seven and a representative from eleven institutions.

Our study class consisting of fifty-three members is very much in earnest in its work and remarkable progress is being shown.

There is every reason to believe that Asbury Park Chapter will be heard from in the future.

We consider ourselves very fortunate in securing the services of Mr. Frank Durand and Mr. James D. Carton as lecturers and quiz masters for the rest of our law course, as both gentlemen are eminent lawyers of the State.

## BALTIMORE.

By John A. Graham.

**B**ALTIMORE CHAPTER started the New Year with a theatre party on the evening of January 6th. The show was "Sari," and a very good one it was, too! About three hundred of the members were present and thoroughly appreciated the efforts of the star and company to make our evening enjoyable. The theatre party was in charge of Mr. Gwynn Crowther, of the Merchants-Mechanics Bank. Due to the good management and hard work of Mr. Crowther and the other men on the Committee, I think I am safe in saying that our chapter had the most successful affair of the kind in its history.

On Thursday, January 22d, Eugene L. Norton, President of the Munsey Trust Company, gave us a talk on "The Necessity of Imagination in the Banking Business." Mr. Norton showed us that all the great men in any profession or line of life's work had to use their imagination, coupled with other things to reach the goal for which they were striving. He illustrated by showing how such men as Columbus and some of the other discoverers certainly had to use their imagination united with the scant knowledge of the universe which they possessed to strike out as they did to discover. By using a certain bit of imagination and some ambition Mr. Norton pointed out that the opening for younger men in the banking profession was auspicious.

Our next speaker was Ezra B. Whitman, Engineer of the City Water Department. He told us of the great cost of making the improvements which the city is doing and pointed out how in the past there was a lot of pollution in our water supply.

The banquet this year is in charge of Adrian J. Grape, of the Commonwealth Bank. February 23d has been decided on as the date. Washington's Birthday falling, as it does, on Sunday, will be celebrated on Monday.

One of our principal speakers will be Senator Burton. The men who attended the Richmond Convention can vouch for the treat which is in store for the Baltimore boys.

Baltimore Chapter appreciated the worth of becoming a member of the American Bankers Association. We were admitted to membership in December.

## BOSTON.

By Frank W. Bryant.

**B**OSTON CHAPTER is up and doing with the New Year. The chapter availed itself of the opportunity to demonstrate its usefulness by holding a public meeting for the presentation of the workings of the National Reserve System by Professor O. M. W. Sprague, of Harvard, whose advice has been frequently sought by members of the Committee in charge of the Bill. Professor Sprague has been a student of the Currency Bill from its early stages until its final passage, and discussed the various intricate phases of the Act at length. The talk was attended by over 350 members of the chapter and invited guests. This address has been printed in the pamphlet form which is so familiar to our followers, and it is expected that it will have a large circulation. We believe this is a work which may well be copied by other chapters which have competent talent to present such subjects, and thereby stamps the Institute Chapter as the Forum from which such information should be distributed.

Members of the chapter are gratified to learn that our enthusiastic and earnest worker, Horace S. Ford, former Assistant Cashier of the Old Colony Trust Company, has accepted the responsible position of Bursar of Massachusetts Institute of Technology. The chapter wishes him the greatest success in his new position.

The Monthly Chapter Night was held at the City Club on Friday, January 9th, and was known as "Press Night." Some 200 members were entertained by short, but to-the-point, talks by editors of the Boston Transcript, Christian Science Monitor, and

The Boston Globe, and also enjoyed listening to Hon. Samuel W. McCall.

Our Membership Committee, under the capable chairmanship of Gordon Musselman, has aroused a large amount of interest among the banks and banking houses in the Hub, and has placed our membership figure at 832.

Our Educational Class goes steadily on its way with interest constant and attendance larger than ever before.

Interest is now centered on the Annual Dinner which will be held at the American House on Wednesday, February 11th, and a large attendance on this occasion is anticipated.

The Educational Committee has in mind an Adding Machine Contest later in the year, and is advising all aspirants for the coveted prize to get in practice.

We are able to announce the forming of the Fitchburg Group of Boston Chapter. They will use Boston Chapter lecture reports as a basis for their educational work and will be assisted by Charles Hutchins, of the Faculty of the Fitchburg High School and a member of the Massachusetts Bar. This group will continue its membership in the Boston Chapter, and is a direct result of our efforts to promote Institute work.

## CHATTANOOGA.

By Carl G. Smith.

**O**N Thursday evening, January 22d, we had the honor of hearing T. R. Preston, our next governor to be, in an able address on the new currency law. Mr. Preston, who knows the bill thoroughly, is enthusiastic over its possibilities. He compared our new system with the systems of other countries, pointing out its many advantages over our old one, and giving us an insight into its workings. Much remains unknown about the new law, he said, on account of so much having been left to the discretion of the "Governing Board."

The study course, led by T. R. Durham, is doing splendid work this year. We have finished "Sales and Bailments" and "Contracts," already, and expect to take up "Negotiable Instruments" at our next meeting. A special feature has added much interest to the course this year. Every four or five weeks we have a good supper preceding our always good lecture, and invariably a large crowd is out on such occasions.

The annual adding machine contest, held by the Burroughs Adding Machine Co., was pulled off on December 19th. A handsome loving cup won, for the second time, by Charles Hall now becomes his personal property. Second and third prizes were won by J. V. Holdam and Frank Rice, respectively. A "full house," including ladies, was there to witness the race, and it proved a very interesting one so close were the winners times.

Chattanooga Chapter is getting ready for the debate with Nashville to be held in the 22d of February in the latter city. We will be represented by J. V. Holdam and W. R. Snyder, and it is firmly believed that these two men can bring home the bacon. A large number of supporters are expected to accompany the debaters on the trip.

## CHICAGO.

By Thomas L. Nugent.

**W**E have come to a point which might be termed a half year in the history of 1913-14 administration of Chicago Chapter, and have just cause to be proud of the record thus far. Given an executive committee of industrious, loyal, energetic fellows working in harmony, together with the same type of men on the various standing committees and their efforts are bound to meet with success.

In numbers we probably have reached the highest point in our history, the membership approxi-

inating 1,200 at this writing. To Vice-President Gorby and his membership committee is due much credit for this achievement.

Educationally this is the biggest year in our history, and we feel that our programme and results will compare favorably with any in the Institute. In addition to the courses outlined by the parent organization we have added Accountancy and Public Speaking, thus promoting five educational gatherings each week. The Banking and Finance Course as given by Professor Earl Dean Howard, of Northwestern University, has been quite successful. The attendance, especially during his lectures on the Federal Reserve Act, have averaged close to one hundred.

The Commercial and Banking Law Class, conducted by James I. Ennis, LL.D., is probably the most successful in our educational history. Mr. Ennis' class numbers about one hundred, is enthusiastic in its application to the subject, and is deriving much valuable information from the course.

The Accountancy course is something new in the chapter's educational work. The idea upon which it is founded is that such a knowledge of accountancy as will enable the banker to analyze a commercial statement is essential and desirable, and should be a part of the educational programme of Chicago Chapter. The class has progressed wonderfully, and the results for the short period since its inception are noticeable and pleasing. George Rosseter, C. P. A., a former employee of the First National Bank and a practicing accountant for the past seven or eight years conducts the course. His banking and accountancy experience together with his acquaintance among the bank men of Chicago makes him an ideal teacher. He understands us and we understand him.

Professor R. E. P. Kline is continuing the success he achieved last year in the Public Speaking class. His efforts in connection with the Debate Society have already borne fruit as demonstrated by the success of our debate team.

The Forum under the guidance of Robert I. Simons is thriving. The members have entered into the spirit of the work, and some mighty good papers are read at the sessions. Discussions on topics of local and national interest are included in each evening's programme in addition to the subjects outlined in the Post-Graduate syllabus.

Adhering to the policy adopted at the beginning of this chapter year but one general meeting a month has been held. These meetings have been given over a little seriousness and an encouragement of sociability to the end that the boys in the various banks may become better acquainted. A good speaker, some professional or amateur entertainers, and on two occasions cigars and a buffet luncheon as an added attraction, make up the average evening's programme. The result has been unusually satisfactory and pleasing—crowds turning out every meeting.

The October meeting was addressed by Dr. Frank Wieland, professor of genito-urinary diseases, Hahnemann Medical College, on the "Young Man and His Problem," illustrated with pictures taken from actual cases. The topic was a new one for the chapter, and dealt with the sex problem in a practical and very forceful manner. The lecture was one of the best we have ever presented.

C. W. Tobey, of the Burn's Detective Agency, addressed the November gathering, and his talk on "Crimes Against Banks and the Banking Fraternity" was well received. A vaudeville programme followed.

In December we listened to John Z. White, a capable and well-known campaigner for the Single Tax propaganda, who spoke on "Henry George and His Philosophy." Mr. White is a speaker of more than ordinary attainments, he thoroughly understands his subject, and his address was consequently a very enjoyable one. A very good professional vaudeville bill rounded out the remainder of the programme. The January meeting was a rousing one, the hall being jammed to the walls. A stag and smoker was followed by refreshments and a "glad-to-know-you" session in the chapter rooms.

The officers and executive committee feel that their efforts to promote the social as well as the educational aims of the Institute are well taken and

entirely successful. Education has, in our opinion, been liberally provided, and an endeavor made to reach those of our membership not in a position to take up the courses.

The big and very successful show "Sophie Should Worry" has made our more or less ambitious plans possible, and to those who worked so persistently and faithfully for its satisfactory culmination volumes of thanks and congratulations are due. Chapter men handled everything—business and production and the play itself was written by a member. The bright lights in the crowd of wonder workers were: Henry B. House, who wrote the play, portrayed one of the principal roles and did yeoman service in the production; Leigh Sargent, who handled the details of production and assumed the role of "Amasa Ayer," the villain of the plot. John Rubecamp, the business manager, and his very efficient committee, who made the show a big financial success; Jay Hays, as "Sophie"; Arthur Briggs, as "Mrs. Uppan Cumming"; Harry Boyell, as "Dorcas Knight," the cabaret queen; Wm. K. Armitage, as "Smiles Daly"; Freeling Foster, as "Beatrice," Jack Scanlon, as "Hi Doolittle," who also helped considerably in drilling and rehearsing the cast; F. J. Morris, as "Carrie Grub"; Ralph Huntington, as "Hans Outt," and C. V. Collins and R. G. Janzer, the Milwaukee Chapter boys, who put on a fantastic oriental dance that was the big surprise of the show—a really wonderful and beautiful dancing act which has brought them much favorable comment. Back of all were the members of the executive committee, who kept in touch with the various details of the show. It was without doubt the best and most profitable ever given by Chicago Chapter.

Henry B. House is lost to Chicago. Our loss is St. Paul's gain, as he has been made auditor of the First National Bank of that city. Henry has been a leader in our Chicago Chapter activities for several years, jumping into prominence in 1908 when he created the character of the Earl of Hardcastle in the chapter's burlesque of the well-known play, "The Man From Home," entitled the "Yapp From Home." He wrote the two big successes "Janitress Janet" and "Sophie Should Worry," and took prominent parts in the cast. We will miss his agreeable companionship and genial personality not to speak of the great value his ability and services have been to the chapter.

## CINCINNATI.

By A. DeWitt Shockley.

CINCINNATI CHAPTER held a large and enthusiastic meeting at the Business Mens Club on Friday evening, January 9, 1914, with Hon. Theodore E. Burton, U. S. Senator from Ohio, as its guest and speaker. There were about 450 representative bank men of the vicinity in the hall when President H. W. Benedict introduced the Senator. Mr. Burton took as his subject the new "Federal Banking and Currency Law," and gave us an interesting and instructive address. The Senator said in part:

The Federal reserve bank law falls far short of what might have been done for the betterment of the country's banking and currency system, yet as it is such a big improvement over present conditions, I urge that it be given a fair trial. I will endeavor this evening to talk frankly of the good and bad points of the bill as it finally passed Congress. Much depends on the character of those men appointed to membership on the Federal Reserve Board. In fact, to my mind, President Wilson has more responsibility on his shoulders in making these appointments than has been thrust on any President since the appointments of Civil War Generals by President Lincoln.

"Eventually, the law will have to be changed to afford greater centralization. It is my individual opinion that the only real solution of the country's banking and currency problems lays in the establishment of a great central bank. The law in its present form, however, will prove of material benefit to the

country if properly administered. Upon the administration depends everything, and it is distinctly up to the Reserve Board to make or mar the new system. It is absolutely essential that these members ignore all personal considerations, disregard all local interests and apply themselves to the duty of administering the law so as to secure the most perfect system.

"Possibly the greatest danger of the bill is its power for expansion of credit and currency. We must not labor under the delusion that mere extension of credit can create prosperity, for that rests upon capital. The basis of credit is and must be capital and credit cannot safely be extended unless there is a return in the form of new capital. Ample credit cannot do any good unless extended to borrowers who can bring back the amount loaned together with profit. No extension of credit can cure a bad situation when there is an over-supply of products. Especially let us remember that the making of paper money, even though issued by the Government, does not create additional wealth.

"The New System, I think, will be especially helpful in times of panic, when such a condition is not due to lack of crops and capital, but merely to a lack of confidence; when men hoard money away because of fears of future conditions. The great fault of the present system has been the lack of a central and available reserve in times of panic. In such times, each of the 28,000 banks in the country tries to protect itself by gathering in its reserve and by withholding its credit from the legitimate channels of business and trade; this situation being the result of irrational fright.

"The power of the Reserve Board to make one reserve bank loan to another might work to the disadvantage of a wisely conducted and conservative bank in its being forced to lend to another reserve bank whose affairs may not have been administered as ably. Cases may arise where a reserve bank doing a large foreign exchange business might be put to serious disadvantage by being called upon to make an extensive loan to another reserve bank, at the very time when the former was negotiating or arranging for a large international transaction involving the import or export of gold. Another disadvantage lies in the small capital of reserve banks. In many cases, the member banks will far outrank the reserve banks in capital. For foreign business particularly the capital of the reserve banks is entirely too small. They will have relatively little influence in dealing with such great institutions as the Bank of England and the central banks of other foreign countries. Further, a bank to make successful its foreign exchange business must be master of its own resources and this condition will not exist as long as the Reserve Board has power to force them to make loans to each other.

"Another point to criticize is the right of member banks to pay into the reserve bank part of their legal reserve in commercial paper. It seems that many bankers like this feature of the bill for various reasons, but to my mind, it is not the best banking policy. Further, I do not believe that the reserve bank notes should be obligations of the United States Government. In times of war or other great national calamity, it might prove disastrous to the Government's credit. The reserve banks should take the entire responsibility of redeeming these notes upon themselves.

"Personally, I think the best feature of the bill is the provision for elasticity of notes. This requires the note of any reserve bank to be withdrawn from circulation when it comes into the hands of any other reserve bank, and to be sent back to the bank of issue for immediate redemption. This makes the reserve bank note in effect a substitution for the individual check, the difference being that the obligation of the bank is circulated rather than the obligation of the depositor. I would like to see all National bank notes done away with and in their place have the circulation notes of the Federal Reserve banks.

"Another excellent feature of the bill, is the provision for the depositing of Government funds in the reserve banks. The present system of impounding Government funds in the Treasury and Subtreasuries is a mistake. It only serves to tighten the money

market and puts out of use money needed for the transaction of business.

"The reserve section of the bill is another good provision, for under its rulings, bank reserves will be more readily accessible than under the present system. This provision breaks up the time-honored custom of the larger banks holding the reserves of the smaller institutions. There is a danger in the provision which permits the reserve banks to decrease their gold holdings as reserve against notes from 40 per cent. to 32½ per cent., although they are taxed one per cent. on the deficit in the gold reserves.

"I am satisfied that changes in the new system will have to be made. The system may be so modified that the Federal Reserve Banks will be one great institution in effect by pooling the stocks of the several reserve banks with one holding company and permitting member banks to hold the stock of the so-called holding company instead of the stock of the particular reserve bank. The alternative, in my opinion, is the abolishment of the regional system and the eventual establishment of one great central bank. However, no matter how much myself and others may differ from the makers of the bill in thinking that it is the right and only solution of the Banking and Currency questions of this country, it is our duty as patriotic American citizens to do all in our power to make the present plan a success. In conclusion, I predict that the time will soon come when the United States will enjoy pre-eminence in banking, commerce and industry greater than that ever enjoyed by any other nation in the world's history. The commercial and financial center of the world is bound to move from its present home in London, Westward, whether it be New York, on the Mississippi, on the Ohio or on the Great Lakes."

It was Cincinnati Chapter's pleasure to entertain the Senator at a dinner at the Business Mens' Club before the open meeting. At this dinner, Senator Burton spoke briefly, complimenting the American Institute of Banking on its good work generally, and encouraging the boys to give their best time and attention to their chosen profession. We also had with us that evening about 30 members from the Dayton Chapter, who were our guests at luncheon and remained for the Senator's address. We believe this sort of closer fellowship between chapters to be of mutual benefit to both, and are ready at all times to welcome either suggestions or visitors from other chapters.

George E. Allen, our own Educational Director from New York, was with us on our meeting on Friday, January 23d, and gave us one of his interesting and instructive talks. It was also our pleasure to have W. B. Stratton, of the Internal Revenue Office, as our guest the same evening. Mr. Stratton gave us a review of the workings of the New Federal Income Tax Law.

#### DALLAS.

By W. J. Evans.

DALLAS CHAPTER has inaugurated the publication of a monthly journal, to be called "The Dallas Chapter News," for the edification of its members and for the conversion of the few Dallas bank men who have not yet come into the fold. The sponsors of this enterprise believe that it will aid in concentrating the attention of our large membership upon the work of the study classes by publishing live news items and comments in regard to the lectures, debates and round-table discussions, thus fulfilling its chief mission of promoting the progress of our educational programme, and, at the same time, but incidentally, cultivating a wholesome chapter spirit by recording its social activities. Our energetic Secretary, George L. Hern, has been assigned to the editor's sanctum, and the first edition is now on the press.

We are all greatly pleased to know that we will be honored by a visit from the Educational Director, George E. Allen, of New York, about the 19th of this month. Mr. Allen has been requested to address the Texas bankers of the Third District Texas Bankers' Association, at the State capital on the subject of

A. I. B. Correspondence Chapter work. The entire membership of Dallas Chapter is deeply interested in seeing this work developed in the smaller towns of our State, and we look forward with keen anticipation to the results of Mr. Allen's mission.

National convention plans are already simmering briskly throughout the country, and although the actual work of preparing ways and means of entertainment has not yet been taken up in Dallas, our leaders are giving the matter constant thought, and it will not be long before their plans take definite shape. During the present month H. P. May, of the Programme Committee, accompanied by M. B. Keith, of the Publicity Committee, will visit New Orleans for the purpose of conferring with the chairman and other members of the Programme Committee in regard to the details of a tentative programme. Upon their return to Dallas immediate steps will be taken for the preparation of this chapter's plans in connection with entertaining the annual gathering in September.

We learn with not little pleasure that our popular Congressman-at-large, Hon. Hatton W. Summers, has been invited by one of the large Eastern chapters to address them at an early date. While Congressman Summers unquestionably possesses a large fund of information on such timely and interesting topics as the Federal Reserve Act and the Income Tax Law, we of the Dallas delegation to Richmond are wondering if some of our New England friends are not also anxious to learn from our Congressman more details in regard to those "dark-eyed senioritas" whom he included in his vivid list of the Lone Star State's attractions when he offered it as the meeting place for the 1914 Convention.

#### DENVER.

By A. E. Ferguson.

THE January meeting of Denver Chapter was a very interesting one owing to the fact that the programme was given by chapter men. The question of bank legislation and banking laws being a subject of much interest at this time, Mr. Weston, chairman of the Educational Committee asked three of the members to prepare papers on the banks of England, France and Germany. W. Campbell Garver read a very interesting paper on The Bank of England, commencing with its earliest history and giving a thorough account of its growth and development into the world-renowned institution that it now is. The Bank of France was assigned to R. B. Knox, and he handled the subject in a very able manner, giving a brief account of the changes and developments through which it has gone, and named some of its principles which might apply to the banking situation in the United States. Forrest E. Barkley had been given the subject of the Reichsbank and showed a thorough knowledge of that institution and its workings, although like many of the rest of us, he had some difficulty in getting the "proper twist" to the correct German pronunciation. He showed how the Reichsbank, the greatest financial institution of Germany, had come about through the joining together of many smaller institutions, and being often cited as an example of the Central Bank idea.

President Crane called the attention of the chapter to the fact that many of the provisions of the recently enacted bank laws were copied from the principles of the great banks just studied and pointed out some of the similarities.

The Dance Committee announced the annual dance of the chapter would be held at El Jebel Temple on the evening of February 11th, evidently taking advantage of the fact that the following day is a holiday.

Sever Daley, the "Leading Man" on the Minstrel Show Committee announced that the best show of the season would be given by Denver Chapter on the evening of March 12th.

An event that is looked forward to with much interest is the annual debate, which will also be held in March, the subject being the "Blue Sky" Law. We anticipate there will be much "fair" weather at that time.

#### DULUTH.

By Joseph P. Chapman.

DULUTH CHAPTER has been progressing steadily in class work, although the number who attend regularly has grown smaller.

Mr. Ross was called away for one class night so H. S. MacGregor, Cashier of the City National Bank, took charge, and gave us a very good talk on the new "Federal Reserve Act." He went into the details in a clear and concise manner that gave everyone a better and clearer understanding of the new measure. The chapter has given three of the six dances planned for the winter. There have been from eighty to one hundred couples on the floor each dance. These dances have been very successful, although the chapter does not push them as the most important feature. The study courses come first and the others are simply additional attractions to the members.

#### HARTFORD.

By Wilbur F. Lawson.

THE eighth annual adding machine contest of Hartford Chapter was held January 20th. The Burroughs Adding Machine Co. donated a beautiful bronze and silver cup, which is to be held by the fastest contestant in each annual contest until won twice by the same man, who then becomes its owner. The cup was won this year by R. L. Buck, Connecticut Trust and Safe Deposit Co., who listed one hundred checks correctly in one minute and twenty-six seconds. The president has appointed three trustees of the cup as follows: M. H. Whaples, President of the Connecticut Trust and Safe Deposit Co.; Calvin C. Bolles, Treasurer of Hartford Chapter; and R. M. Lane, Burroughs Adding Machine Co.

Cash prizes were also awarded to other fast contestants: Electric machine, first prize \$5, R. L. Buck, time, one minute and twenty-six seconds; second prize \$3, C. E. Luscombe, time, one minute and twenty-six and one-fifth seconds; third prize \$2, E. R. Barlow, time, one minute and twenty-six and three-fifths seconds. Hand machine, first prize \$5, R. L. Gilnack, time, one minute and thirty-six and three-fifths seconds; second prize \$3, R. A. Wilcox, time, one minute and thirty-seven and one-fifth seconds; third prize \$2, W. F. Lawson, time, one minute and forty-five and one-fifth seconds.

Entered for the contest were the following: R. J. Utley, E. E. Edwards, D. J. Newton, R. W. Case, R. A. Wilcox, K. T. Hoffman, E. R. Barlow, C. E. Luscombe, W. J. Montgomery, F. R. Lawrence, R. L. Buck, W. F. Lawson, R. L. Gilnack and C. C. Bolles. Timers: H. M. Kenyon, A. G. Bralnard and M. W. Chapin. Judge: R. M. Lane. Scorer: J. P. Greer.

The State of Connecticut record is held by Walter Allen, of Bridgeport, time, one minute and seventeen and three-fifths seconds. R. L. Buck and W. S. Sherwood, both of Hartford, are tied for second place, time, one minute and twenty-six seconds.

#### LOUISVILLE.

By V. F. Kimbel.

THROUGH letters sent to the officers and clerks, as well as personal work, we were able to record seventy-two men present at our open meeting held in the chapter rooms the evening of January 22d, this being the largest attendance at any of our meetings during the past two years. A number of officers of the various banks visited us and we were delighted to see the interest they took in the work of our chapter and in what we hope to accomplish for the good of the bank man.

"An explanation of the provisions of the New Federal Currency Act" was the subject selected by our instructor, Mr. Lewis. Beginning with a brief review of the preceding lessons in early American banking, he sketched the history of the first bank of the United States, organized in accordance with the recommendations of Alexander Hamilton, and its success; of the second bank and its political troubles

and ultimate failure; and of the troubles caused by different banking laws or no banking laws in the various States, the granting of special legislative charters and the issuing of its own notes by each individual bank. He then took up the history of the beginning of better days for the banks, taking into consideration the Suffolk system, by which notes of solvent institutions were redeemed at par, and the safety fund system guaranteeing note issues. To prove his assertion that the success of those early State institutions was largely a matter of management, he cited the case of the bank organized by Smith, of Wisconsin, under a charter granted him for an insurance company, and how Smith, working under this charter, was able to issue non-interest bearing certificates of deposit, which circulated as currency, their value never being questioned by their holders, and by which he was able to amass quite a fortune.

He then reminded us that in 1863-64, through the recommendation of Chase, there was established a National banking system with a suitable note issue guaranteed by deposits of United States bonds, which act included the retirement of State bank notes through a ten per cent. tax on such issues.

The question was brought up as to why in the United States, during every time of panic, the banks have been strained to the point of breaking and, citing the case in 1907, have suspended specie payments for a time, although the total reserves of this country are comparatively larger than those of other countries, being over nine per cent., while in England, with reserves between six and seven per cent., and Canada with less than in our own country, there is elasticity during times of stress and need. Mr. Lewis stated that it was the purpose of the present law to overcome that situation and provide more elastic currency in times of financial stress, and was intended by the framers of the act to insure the business of the country against panics in the future. In his discussion, he declared that under the Aldrich-Vreeland Act, passed in 1908 and which expires in June of this year, currency associations may under certain restrictions issue notes based on assets, but under the regular banking act notes have been secured entirely by Government bonds, whereas the new law permits the issuance of notes, on recommendation of Federal Reserve agents, by depositing rediscounted commercial paper with the Federal Reserve agents. Against those notes, he said, there will be a normal reserve of forty per cent. required, but the Federal Reserve Board may waive these reserve requirements entirely in case of crisis. A tax is imposed which grows greater as the reserve decreases, so as to give incentive to Federal Reserve banks immediately to establish reserves. These notes, he pointed out, are obligations of the United States Government and, therefore, there can be no question as to their value.

Mr. Lewis produced figures tending to show that after National banks have subscribed to the full amount of their stock in the Federal Reserve banks there will doubtless be no opportunity for private subscription. If private stockholdings should materialize, these stockholders will have no voice in the management of the banks and will only receive the regular six per cent. cumulative dividends.

He called attention to the fact that the Federal Reserve banks are to be "bankers' banks," not to deal directly with customers, and, therefore, not to offer competition to local banks.

Continuing, he said: "To prevent the grabbing of reserves by small banks from the larger banks in case of crisis, as was practiced during the 1907 panic the effect of the new law is to put the ultimate reserves of the country in these Federal Reserve banks. With the ability of these banks to issue Government guaranteed notes on the basis of commercial discounts, and with the power of the Federal Reserve Board to suspend all reserve requirements if necessary, no solvent bank need fear for an adequate circulating medium for its customers even in times of crisis. In such times the small bank can rediscount its paper with the Federal Reserve Bank and receive either specie or notes therefor; while the further provision that the Federal Reserve Board may

require one Federal Reserve Bank to discount the paper of another Federal Reserve Bank makes of these Reserve banks practically one great banking institution."

Educational Director George E. Allen was present at the meeting and spoke briefly on the Institute and its work.

Henry D. Ormsby, Cashier of the National Bank of Kentucky, an authority on the New Currency Bill, in reply to the question, "How are the Federal Reserve banks going to make money," arose and gave as his opinion that through their ability to rediscount paper and by investing in bonds, which the law permits them to do, these banks will make money. Then, in his inimitable way, Mr. Ormsby discussed ironically those points of the new law that, in his opinion, could well have been omitted or changed.

## MILWAUKEE.

By H. W. Roehr.

IN procuring Prof. Ralph Starr Butler, of the University of Wisconsin, for a lecture course on business correspondence, Milwaukee is attempting a departure from the customary programme of education included in its season's work. The Educational Committee request the interest and support of all members in this step toward widening the scope of Institute Education. Professor Butler's course will consist of six lectures to take place every Thursday evening beginning January 15th.

Attention is called to the following new books which have been added to the library: Trade of the World—Whelpley; Handbook of Composition—Wooley; American Railroads—Sakolski; History of American Currency—Sumner; American Notaries. The records show that many books belonging to the library have been missing for a year or longer. All men who have borrowed books, and held them longer than the usual time will kindly return them.

## MINNEAPOLIS.

By A. L. Smith.

ON Wednesday evening, December 17th, the Minneapolis Chapter American Institute of Banking, entertained the ladies. This was the third of the regular monthly dinners given by the chapter. Although Ladies Night was a new thing the dinner was very well attended.

Miss Wenda Uleand entertained with a humorous monologue entitled "An Anti Suffragette Speech." Dr. Mabel Ulrich, who is an authority on Woman's Rights, explained in a very entertaining way the origin and development of the Feminist movement. She told us that the movement of to-day is on a firm basis, and that it is bound to be a success as is evidenced by the foothold it has gained within the past few years.

The value of the American Institute of Banking to every bank man was proven by the results of the annual elections held by the banks of Tuesday, January 13th. John G. MacLean, past president of the chapter and a holder of the Institute certificate, was elected an Assistant Cashier of the Security National Bank.

George Struthers, who has been very active in chapter work, and who is also a graduate of the Institute, was elected Assistant Cashier of the Union State Bank and A. E. Lindjeh, a popular chapter member was elected Assistant Cashier of the Scandinavian-American National Bank. I think that this should be rather a big boost for the American Institute of Banking, when it is considered that everyone of those who were elected this year in the banks of the city were chapter men.

On Wednesday evening, January 21st, Minneapolis Chapter gave the fourth of its regular monthly dinners. Curtis L. Mosher, who has been Secretary of the Minnesota Citizens League, and who has a wide reputation because of his knowledge and work in the cause of the Federal Reserve Act, told us of the events leading up to the passage of this bill. He said that he could see no great advantage in a city

having one of the regional banks because if the greatest benefits were to be derived from the bill it should be used only in times of crises. He said that you could liken it to a number of people in business who are all friends of one man with lots of money, who is ready at all times to give this money as an aid, but did so only in times of stress—that the moral support was worth a whole lot more than the actual help that could be given.

After Mr. Mosher's talk, the committee on the revision of the Constitution reported and new by-laws were adopted section by section with the exception of the article pertaining to membership. We had a rather exciting session but everybody was well pleased. There was absolutely no chance of anyone going to sleep.

Mr. Banks appointed a committee to have charge of the annual contest with St. Paul Chapter, which will be held in St. Paul the latter part of February, and everyone is confident that Minneapolis will carry off the honors when we invade the city down river.

### NASHVILLE.

By J. A. Grannis.

NATURALLY the present currency agitation has occupied a great deal of our time down here and has been the subject of several good addresses before the chapter. The new income tax law with all its intricacies comes in for a great deal of discussion. At a feed held the early part of the month of January, the chapter listened to a well-prepared and clear exposition of the features of the income tax problem by W. E. Norvell, of the Nashville Bar. It is the purpose of the chapter to put on several such affairs during the spring, each time having a speaker who will be able to give the boys some valuable information.

At the last meeting of the chapter we had the pleasure of hearing Joel B. Fort, Sr., one of the foremost progressive farming exponents of the State, on "Back to the Farm." Also Dr. Dyer, of the Vanderbilt School of Economics, who spoke on Banking and Patriotism. Those present dubbed it as one of the best meetings ever held by the chapter, and I believe it was.

The subject for the annual debate with the Chattanooga Chapter has been chosen, they electing to take the negative of the proposition "That Government control of the telephone and telegraph lines would best serve the interests of the people." The debate takes place February 22d, and any member of the institute happening to be sojourning in this neck of the woods will be welcomed, and we promise some good entertainment having chosen two of the foremost orators of the chapter to defend the affirmative, Messrs. Joel B. Fort, of the Cumberland Valley National Bank, and De Witt Carter, of the Fourth & First National Bank.

At the recent annual election of officers and directors of the Fourth & First National Bank two of our members were signally honored by being made Assistant Cashiers of this good bank, Bradley Currey, Vice-President of the chapter, and Drew Rowen, Chairman of the chapter's Entertainment Committee. The bank did well in taking this step for both have seen long service in the banking business and are wide-awake and progressive.

### NEW ORLEANS.

By Jos. J. Farrell.

THE January meeting of New Orleans Chapter was featured by the address of Solomon Wexler, President of the Whitney-Central National Bank, on the new Currency Bill. Mr. Wexler is perhaps one of the best informed men on this subject in these parts, and he explained the different provisions of the new law in a most concise and direct manner, with the assurance of one who knows whereof he speaks.

The rush of work incidental to the several mergers recently completed has to some extent lowered the regular attendance at the classes, but now that

the greater part of the work is done, we all hope to see the usual number attending in the near future.

New Orleans Chapter takes this occasion to extend to the delegates a most cordial invitation to visit their city en route to the Dallas Convention, and, for the information of those who are not acquainted with the many delightful features of a trip to the Winter Capital of America, we submit the following facts:

New Orleans, the metropolis of the South and Mississippi Valley, and the Gateway of the Panama Canal, is a city of 380,000 inhabitants, and was founded by Bienville, a French-Canadian, in 1718. It lies 110 miles from the mouth of the Mississippi River, and comprises the entire Parish of Orleans, with an area of 196¼ square miles. It has a harbor ranging in depth from over 200 to 35 feet; thirty miles of wharves, a part of which are covered by municipally-owned, modern steel sheds, and a public belt railroad, which, free of charge, transfers commodities to and from railroads. It is the largest coffee, banana, sugar, cotton, rice, sulphur and salt market in the United States, and, by reason of its geographical location, enjoys unusual rail and ocean transportation facilities. Its population is principally American, with a large number of French-speaking inhabitants—the Creoles of Louisiana, who live, for the most part in that section lying below Canal Street, known as the French or Creole quarter.

The Panama Canal is 600 miles nearer New Orleans than to any other large seaport, and an ever-growing trade is being developed with Cuba, Mexico and Central America.

From the standpoint of the epicure, New Orleans is the one bright spot on American soil. Her cooks, descended of the best of their kind in France and Spain, and taking on the added art of the Creole, produce viands which have created for this city a reputation at home and abroad. Shrimp, both river and lake, crayfish, crabs and oysters are among the specialties of New Orleans sea food. It might here be added that New Orleans is the largest oyster market in the world, and one of the largest fish markets in the United States, while the huntsman and fisherman are offered the rarest sport in the bayous and marshes of the country immediately adjacent and within forty minutes' ride.

There are several large public libraries, five large metropolitan American daily papers, and one French daily, one hundred and twelve public schools and kindergartens, many private schools and six universities. The chief of the latter are the Tulane University, for boys, and Newcomb College, for girls, both under the same administration. Tulane is specially noted for its medical department, while its academic, law, engineering and technical divisions are developing rapidly.

As a city for the assembling of conventions of all sizes and all kinds, international, national, interstate and state, New Orleans has no superior. Accustomed for many years to handling huge crowds at carnival time, the people and the facilities are in a position to satisfy every demand. Especially is this true of recent years, when three hotels, two of them of immense size, have been added, while one of the older hostelrys has added an annex of similar proportions.

The great extent of interests in New Orleans, her cosmopolitan people and habits, her wonderful variety of cuisine, peculiar to New Orleans and no other city in the world, her innumerable opportunities for enjoyment (particularly open air) and the hospitality of her inhabitants, makes New Orleans a city of vital interest.

No city in the South and few in America have more modern hotel accommodations than New Orleans. Among the largest of these are the St. Charles, the Grunewald and the Monteleone, all of fireproof construction, and built with the particular idea of light and air. The appointments of these hotels and their service are superior in order and delightful to the tourist from other sections of the world. Their tables are supplied with the most abundant fish and game caught in the immediate vicinity of New Orleans, while the truck and fruit districts are an ever constant source of fresh supplies winter and summer.

The Hotel De Soto, while not so large, is also new and up-to-date and similarly efficient in its cuisine. The Cosmopolitan is a place of note, its restaurant being particularly a feature.

Among the many places of interest which the delegates should visit are: The Cabildo (old Spanish court buildings); St. Louis Cathedral (erected 1794); French Market (world's famous market place); Hotel Royal (built 1816; contains old slave block on which slaves were sold in old ante-bellum days); French Opera House; Old Absinthe House (of special interest to prohibitionists); Congo Square (where old bull fights were held); City Park (one of the city's largest and most beautiful parks); Spanish Fort (noted summer resort); West End (another summer resort); Lee Circle (containing monument to Gen. Robert E. Lee); New Orleans Library; New Court House (cost \$2,000,000); Audubon Park (largest park in New Orleans); Waterworks and Filtration Plant (cost \$7,000,000; largest and most modern in world); Howard Memorial (containing relics of Civil War). In a word, New Orleans is a most interesting and fascinating city, and one that none of the delegates should miss seeing. This is your opportunity; take advantage of it!

### NEW YORK.

By Harold S. Schultz.

**A**S this issue of the JOURNAL-BULLETIN goes to press plans are about completed for what portends to be one of the most successful chapter banquets New York has ever given. Judge Mayer and Dr. Cadman have accepted invitations to speak, and nearly every available seat has been reserved. It is unfortunate that an account of it can not be given until the March number, but at that time full details will be given.

Many facts which may be of interest to the Institute at large have taken place during the last month, and it is with pleasure that we report the following items in connection with our work.

The first Chapter Night this year was celebrated on Wednesday evening, January 28th. The feature of the evening was an illustrated lecture in the Panama Canal given by Fredrick W. Davis, one of our former members and a Fellow of the National Geographic Society.

The slides were extremely interesting and instructive, and New York Chapter feels deeply indebted to him for its trip to the "Big Ditch," which was so comfortably accomplished without the expense and loss of time necessary to an actual visit there.

Inasmuch as the lecture was given without charge to the chapter we all feel that we owe our gratitude to Mr. Davis and thank him heartily for his very entertaining evening.

In addition to the entertainment the Constitution was amended by a vote of the members present, to include a section allowing banks and individuals to become Sustaining Members. President Wolfe announced many interesting events to take place in the future, among them the fact that Governor Glynn will address us at our Annual Banquet on February 7th.

This is the first opportunity that new members have had to feel the fraternal spirit of the organization, and the enthusiastic applause and general good nature evinced by all augurs well for their continued co-operation.

The Consuls Meeting on Tuesday evening, February 17th, will be one of the most important meetings that that Board has ever held, for the reason that a detailed record showing the membership in each bank and the net increase for the year together with other details of registration, etc., will be ready for publication, and any member of that Board who has not already sent in his report as requested in the early part of the year should do so at once. The record has been so arranged that the Consuls of the smaller banks will receive mention in the same proportion as those in the larger banks. Each Consul should make a special effort to attend, as this is

something that effects him personally and is his opportunity to see that his record is correct.

At the Union Trust Company, Thursday, January 22d, an opportunity was given the officers of New York Chapter to meet the men. President Wolfe outlined briefly the purposes and advantages of our organization and invited all those men not already interested to co-operate with us. The Union Trust Company is a Sustaining Member of our chapter and we have a number of members there.

The examination in Fundamental Business Conditions on January 14th was taken by fifty-six men, and a large number of excellent theses were handed in at that time. Dr. Crowell is correcting the papers, and while we have been unable to get any results as yet, announcement will be made in a very short time as to the standing of each student. A number of men in the course were unable to take the examination on the 15th, and for their benefit another test will be given on February 6th at 8 o'clock. Registered students of the second-year class and those of the first-year class who elected it must take this examination to receive credit.

The Educational Committee has arranged for a Credit Course to begin on February 25th and continue on alternate Wednesday evenings probably during the month of March. This course was very popular last season and will no doubt be very attractive this year. The credit field is an excellent opportunity for young men.

E. G. McWilliam and O. Howard Wolfe have been nominated for membership to the Fellowship Class of the American Institute of Banking. This is an honor which is each year granted to two graduates of New York Chapter who have shown their ability, and we know that the two men nominated this year deserve all that we can give them.

President Wolfe delivered a lecture on "Commercial Banks as an Aid to Thrift" before an audience at Public School 37, in the Bronx, on Wednesday evening, January 21st. This lecture is one of the series conducted under the auspices of the Board of Education and the Savings Bank Section of the American Bankers Association of which Mr. McWilliam is Secretary.

The Practical Banking Class has now the advantage of text books to assist them in their work. The total attendance in this class still numbers over three hundred and a great many books have been distributed to them at cost. The set consists of three pamphlets published by the American Institute of Banking for its correspondence section on Bank Accounting, Loans & Investments, Clearing Houses, Trust & Savings Institutions, respectively. These pamphlets are to be studied in the order named, and inasmuch as the examination in May will probably be based on material contained in them it behooves every student to acquaint himself with them.

The Chapter Forum under the leadership of J. A. Broderick began a series of discussions on Modern Banking Methods and the Effects of Recent Legislation, on Wednesday evening, January 7th. About fifty men were in attendance and the discussion was most interesting and instructive. Here is an opportunity to test out the ideas that you have gained from your experience and to learn the opinions of others who have perhaps had a broader field to work in. Also you may meet a number of the best informed bank officers of the city. Chapter graduates are urged to attend.

The interest in our Law Class continues unabated under the skillful leadership of Milton W. Harrison, of the Brooklyn Savings Bank. Mr. Harrison is an enthusiastic member of New York Chapter, and his being actively engaged in the banking business, coupled with the facts that he is a graduate of the Brooklyn Law School and is conducting similar classes in the Y. M. C. A. of Brooklyn, gives an enthusiasm and human interest quality to his work, which is very apparent in the work of this class. Mr. Harrison has the teaching instinct to a marked degree, and has the happy faculty of promoting informal and helpful discussion upon the part of his students.

New York Chapter feels honored that our former President, E. G. McWilliam, has been selected by

President Dreher as Chairman of the new Committee on Public Affairs, composed as it is of some of the most prominent men in the Institute. This selection was probably due to the work which Mr. McWilliam has been doing in connection with his department in the American Bankers Association, and in which members of New York Chapter have been prominent. During last season and this, in co-operation with the Board of Education of New York City, five courses of lectures have been arranged upon the general subject of Thrift by Mr. McWilliam. The object of these lectures is to give the people some practical information regarding the various financial institutions with which they are brought in daily contact and permit them to ask questions of the lecturers, who are in each case practical men. In all, over forty of these lectures have been arranged, and among those of New York Chapter who have been prominent in the work are Wm. E. Knox, O. Howard Wolfe, Charles F. Minor, Wm. H. Kniffin, Jr., Alfred M. Barrett and John Harsen Rhoades.

The English Class while not as populous as at the first of the season is nevertheless even more popular. Men who attend are entering into the debates and much good work is being accomplished. If you have not attended the class thus far there is still time to get more detailed and valuable information from it and too much emphasis cannot be laid upon the fact that the English Class is quite as important as any other division of our work.

In the last issue we reported that O. R. Kelly, of the Empire Trust Company, has been appointed on the Reception Committee. This was an error. Mr. Kelly is on the Registration Committee and is the man with the punch on Tuesday nights.

Several new Sustaining Members have been added to our list since the last publication of Chapter Notes, and we appreciate indeed the co-operation thus tendered. The new names are: The Peoples Bank, Liberty National Bank, Bank of New York, N. B. A. Importers & Traders National Bank, James G. Cannon, Charles J. Pasfield, Henry Saylor, Samuel Ludlow, Jr., Fred. E. Farnsworth.

A complete list will be published in pamphlet form to be distributed at the banquet.

We are proud to note that John E. Rovensky, a past President of Pittsburgh Chapter and a member of the Post-Graduate Committee of the American Institute of Banking has selected New York for his home. He is now Assistant Cashier at the National Bank of Commerce.

James W. Pittenger, of the National Newark Banking Co., is now Assistant Cashier of that institution.

A. E. Van Doren and John Lucas Williams, of the Irving National Bank, are now Assistant Cashiers there.

#### OAKLAND.

By George W. Ludlow.

THE Law Class resumed its work, after three weeks' vacation, on January 6th. On the 20th an examination will be held covering the first half of the course. On Thursday evening, January 22d, Inspector Caldwell, of the Oakland Police Department, will start a class in Finger Print Identification. Inspector Caldwell is Nationally recognized as an authority on this subject. The course will consist of three illustrated talks, to be held on successive Thursday nights. The committee for the annual banquet, which is to be held the latter part of next month, has been appointed, and is actively engaged on the plans. A committee has also been appointed to arrange a bowling tournament.

#### PHILADELPHIA.

By William A. Nickert.

THE month of January was one full of activity for Philadelphia Chapter. On Friday evening, January 9th, we had the pleasure of taking a hunting trip through the Upper Yukon with Thomas Martindale, one of our prominent merchants.

Mr. Martindale is a hunter of big game, and his collection of trophies is noted all over the country. Mr. Martindale's lecture was illustrated with lantern slides and he recounted many amusing incidents and perilous experiences which he encountered during his sixty-nine days in the saddle. A feature of his address was some helpful advice to our young men to spend as much time as possible out of doors, and recommended walking as one of the best forms of exercise for men having indoor employment.

Since the opening of the new year renewed interest has developed in our educational classes. During the next month the course in Post-Graduate study will be completed, and several of the members of that section have expressed a desire to try for the highest honor in the Institute—that is the writing of thesis, acceptance of which will entitle them to be called "Associates of the Institute."

On January 20th two of our debate teams gave an exhibition debate before the Philadelphia Association of Credit Men, at their quarterly meeting held in the Hotel Walton, having as their subject, "Resolved, That good business practice requires that credit of thirty days or more should be extended only on terms closed by acceptances and not on open accounts." Much valuable information was elicited, and the judges had some difficulty arriving at a decision. The affirmative side was given the victory.

A very enjoyable evening was spent on the 10th of the month, which was our annual Ladies' Night. The first part of the evening was given over to a musical entertainment rendered by the combined musical clubs of the University of Pennsylvania, followed by a dance. The success of this latter feature will probably result in making it a regular yearly affair.

The Membership Committee reports a very gratifying increase of new members. So far this season we have secured 149, making our total membership about 840.

On Friday evening, January 23d, a series of Members' Nights was inaugurated, under the direction of R. C. Alexander, Chairman of a special committee appointed for that purpose.

Very helpful and instructive addresses were made by Chas. J. Rhoads, Vice-President of the Girard Trust Co.; M. E. Benton, Asst. Secretary of the Land Title & Trust Co.; and H. B. Shill, of the Provident Life & Trust Co. Mr. Rhoads gave a brief outline of the beginning and growth of the Trust Company business, explaining the functions exercised by them, particularly the handling of private and corporate trusts. In answer to the question as to the likelihood of trust companies entering the new Federal Reserve system, Mr. Rhoads said that in his opinion most trust companies will wait until the system has been tried. One of the principal advantages of the new law is the re-discount privilege, and since trust companies do not discount paper, there is no inducement for them in this direction.

Mr. Benton followed with a description of a comprehensive method of bookkeeping in connection with the handling of trust accounts, showing the desirability and necessity of a system of control which would show at a glance the total of all trust funds at par and appraised values. When it is stated that in Philadelphia alone there is held over \$855,000,000 of trust funds, the necessity of such a system is readily apparent.

Mr. Shill contributed an interesting paper on "Some Practical Difficulties with the Income Tax." Mr. Shill entered a very earnest protest against the multiplication of certificates and duplication of the same information within the certificates, and the use of so many words and phrases when few would suffice. This has so increased the cares of the banker and perplexed the investor and debtor corporation, that it would seem advisable that they should join, in self protection, to secure simpler business regulations. Mr. Shill explained the use of the various certificates and at the end of his address was pled with questions from those who had had difficulty in interpreting the requirements of the new law.

We are looking forward with pleasurable anticipation to the biggest social event of the year—our thirteenth annual banquet, which will be held in the Belle-

vue-Stratford Hotel on the evening of February 14th. Under the able direction of C. W. Fenninger, our Vice-President, this banquet will no doubt eclipse any we have heretofore held. The entire seating capacity of the Ball Room was subscribed for over a month previous to the date of the banquet, and many subsequent requests for reservations had to be denied. Among the speakers secured for that occasion is Senator J. F. Phasroth, of Colorado, a member of the Senate Currency Committee. The month of February is "Banquet Month" for most of the large Eastern chapters, at which time we are all hoping to have the honor of entertaining our esteemed National President, H. J. Dreher, and we are all looking forward to renewing acquaintances with our many Institute friends from other cities.

### PITTSBURGH.

By H. C. Pearce.

OUR chapter has again lost one of its prominent members, J. E. Rovensky, having been elected an Assistant Cashier of the National Bank of Commerce of New York. Some of the old chapter members gave a farewell dinner to "John" before he left. We will miss him very much as he always has taken an active interest in everything, and especially in the educational work. Our loss, however, will be New York Chapter's gain, and we wish him all the success possible in his new work.

Gifford Pinchot, former chief forester, was a guest of Pittsburgh Chapter on the evening of January 6th. Among the auditors, numbering about 400 were many business and professional men. Mr. Pinchot, who was introduced by President P. S. Space, of the chapter, as the "Father of Conservation," led off by saying that he liked to talk on conservation to men, like bankers, who did things; especially to young men, as seed sown among such workers brought forth vigorous harvest.

The general substance of the address was that monopoly of natural resources increased the cost of living by making the people pay abnormally high prices for the necessities of life. This problem of the cost of living Mr. Pinchot said, was the greatest one confronting a democratic republic like the United States. He uttered a warning against the "water power trust" and its immense power, as he said that "power is the measure of civilization." He prophesied that, within one year, that one of the biggest fights in Pennsylvania would be against the water power monopolists. His most striking illustration of the seriousness of the problem of growing monopoly, as he viewed it, was the lumber situation. He said: "We are cutting down timber three times as fast as it is being replaced by growth. One group of companies has secured control of \$1,000,000,000 worth of timber for which they paid only \$40,000,000. The people must pay the difference. A 5-cent loaf of bread is affected in price because the plow that prepares the ground for wheat is partly made of wood, the ties of the railroad upon which the wheat is carried are of wood, the railroad box-cars are of wood and also, at times, the grain elevator. Then the wagon hauling the flour is of wood, as is the flour mill, and the housewife using a knife with wooden handle to cut the bread on a wooden table, sits down to rest on a wooden chair and serves the bread at dinner on a wooden table. All this must be paid for by the people and represents the price of forest destruction."

Mr. Pinchot outlined the growth of forest conservation from the time of the colonies until 1876, when the government began to deal with the question on a small scale in a methodical way, and said: Now the work is being carried on for 250 years ahead. Forests should be viewed as "factories of wood" to supply the demands of daily life. Floods such as Pittsburgh has can be checked by reservoirs and reforesting the streams at headwaters. By publicity through the newspapers the Government is defeating the interests opposed to conservation and the United States Forest Service has built up public opinion in its favor. The Inland Water-Way Commission and the famous conference of state governors

at the White House, have done wonders along this line.

E. T. Beddoe sang a couple of tenor solos, one entitled, "I'm Calling Thee."

On January 13th Mr. J. Howard Arthur delivered one of the most interesting addresses that we have had this year. Our boys are making good.

A very enthusiastic audience greeted our good friend, Geo. E. Allen, on January 20th, when he gave us one of his splendid talks on the Institute and the work that it is doing.

### RICHMOND.

By Jesse F. Wood.

RICHMOND CHAPTER has started its work for 1914 with a great deal of enthusiasm. Our Programme Committee gave us a very excellent programme last meeting. Dr. Douglas Freeman, Tax Expert, in a very clear and convincing manner spoke on the subject of "Taxation."

Two of our own chapter men lead in general discussions on current topics. These were G. H. Bates, on "Circulating Notes," and Henry Proctor, on "The Federal Reserve Act," both of which were interesting and instructive.

Richmond is in the thickest of the fight to be selected as one of the Federal Reserve Bank Cities. Richmond has the endorsement of the Virginia, North and South Carolina, Banks, and feels that she is preeminently suited to be the headquarters of the Federal Reserve Bank of this District because of the following reasons, namely:

1st. Geographical position and facilities of communication with all parts of the territory intended to be served, as well as communication with the other Federal Reserve Districts likely to be formed—and to be in the same circuit, so to speak.

2d. The present trend of business—the present course of commercial transactions—the currents of exchange—the present banking and trade connections and banking customs of the people.

3d. Convenience of location and accessibility in communicating with members with whom we now do business, and in acting under the Federal Reserve Act as a clearing house for an area of territory embracing one-half the National banking capital of the United States.

4th. Comparative commercial importance in the territory covered, measured by capital, deposits, and other banking transactions.

5th. Diversity of industries and agriculture—in their effect upon seasonal demand for credit and currency.

6th. Necessity of having capital resources to handle the business of the district.

7th. The wishes and views of those engaged in banking and commerce in the district outlined as to the location of their Regional Bank.

### ST. PAUL.

By R. A. Brandt.

WEDNESDAY evening, January 7th, the St. Paul Chapter held its monthly dinner at the St. Paul Hotel. About one hundred members were present, and the chapter was honored with the presence of Hon. F. C. Stevens, C. H. Preston, and sixteen officers of the local banks.

The President opened the meeting with a brief talk about his intention of organizing an advanced class for those who already hold Institute certificates.

C. H. Preston, Business Manager of the Extension Division of the University of Minnesota, told us how the University was being broadened to reach the people all over the State. He said that he has had various experiences with banks and credit that had convinced him to be in favor of any movement to instruct the public in financial subjects.

Congressman F. C. Stevens gave us a brief but vivid explanation of the new "Currency Bill." He analyzed the origin of the bill and proved to be a well-posted, as well as an interesting talker on the subject. His talk was followed by a discussion that lasted until the close of the meeting. Everyone present expressed himself as well pleased with the meeting.

The class in "Banking Practice," of about thirty members, has been organized, with Professor Ebersole, of the University of Minnesota, as instructor. The older members of the chapter who are interested in the new "Currency Bill" have made arrangements with J. A. Pearson to give five or six lectures.

## SAN FRANCISCO.

By John I. Riordan.

**E**XAMINATIONS of classes in Law and Banking in subjects covered during latter half of 1913, disclose about ten students who have satisfactorily digested the lectures on these subjects. This does not mean that the classes are small or poorly attended, but that the educational work as conducted by the University of California Extension Division is of a high order and requires much application and research. These classes have certainly received a great stimulus in having a systematic guidance.

On the evening of January 22d, Dr. Frederick Vining Fisher, Manager Bureau of Lectures of the Panama Pacific International Exposition, gave an illustrated lecture on the Exposition. The Entertainment Committee thought this a good opportunity for opening the Chapter Rooms to members and their families. The event was advertised a Ladies' Night, and that feature combined with Dr. Fisher's well-known reputation as a lecturer, contributed to make the evening a real success.

President Newell at the last meeting of the Board of Governors, proposed the appointing of a publicity committee to care for the work of advertising San Francisco Chapter's desire to entertain the American Institute of Banking delegates at 1915 convention. The President's suggestion was unanimously approved, and sister chapters of the Institute may look for a deluge of entertaining literature concerning San Francisco Chapter's ability to be a congenial host, or hostess, in the exposition year.

Our February Calendar includes two events of much importance. Firstly, a talk by D. B. Fuller, Cashier of the American National Bank, on some phases of the Federal Reserve Act. This event is scheduled for the evening of the 10th and promises a large attendance. Secondly, the adding machine contest to be held on the evening of the 19th. Much interest has already been aroused in this competition and the record for the Pacific Coast is in great danger of being shattered.

## SEATTLE.

By R. Drummond.

**T**HE month of January has always found the local chapter inactive except in the committee work, which is usually exceedingly busy in its preparations. Various appointments were announced by the President at the last board meeting, R. W. Bow, of the Dexter Horton National Bank, Chairman of the Banquet Committee. The Banquet is to take place during the latter part of February; R. S. Walker, of the National Bank of Commerce, Chairman of the Committee in charge of the annual formal ball, which will take place in April; H. A. Barton, of the Seattle National Bank, Chairman of the Committee to arrange a field day during the month of June. The January meeting of the 20th, included a very interesting selection by Ben Pettit, of the Dexter Horton National Bank, on the development of Seattle, during the last twenty-five years, which he illustrated by photographic slides in a lantern show. This history is one which Mr. Pettit compiled himself and proved exceptionally interest-

ing. A debate on the influences of the New Currency Bill followed. Perhaps the most startling feature which has happened is the changing of the educational class—the beginners from Tuesday three times a month to Thursday four times a month, and the advance class from Wednesday twice, monthly, to Wednesday, weekly. Ben Phillips, of our local chapter and one of our best workers, is receiving congratulations on his new appointment. Mr. Phillips has gone to the new Port Angeles Savings & Trust Co., of Port Angeles, Washington, as Cashier.

## SPOKANE.

By A. F. Brunkow.

**I**N the recent examinations held at the completion of the Law Course, the following ten members were successful in passing the test: F. B. Peach, George C. Gage, J. C. Alston of the Exchange National Bank, J. W. Bradley, E. B. Hutcheon of the Old National Bank, Albert Kaye of the Spokane & Eastern Trust Company, C. G. Prestrud of the Scandinavian-American Bank, W. E. Kelley and A. F. Brunkow of the Union Trust & Savings Bank, B. R. Russell of the Washington Trust Company. Of this number the following five had previously completed the Banking and Finance course and receive Institute Certificates, being the first to achieve that honor in Spokane as this is our first class of graduates: F. B. Peach, J. W. Bradley, B. A. Russell, C. G. Prestrud and A. F. Brunkow.

The new classes in Bookkeeping and English and Letter writing which were organized the first of the year are meeting regularly, about fifty of the members are taking advantage of these courses; of this number twenty are new members that have been added to the chapter's membership since January 1st. The book-keeping class under the direction of W. E. Hoesler, meets each Wednesday evening at the Lewis & Clark High School. The English and Letter writing class of which L. L. Little has charge meets Thursdays in the club rooms.

At the January open meeting held Wednesday, January 7th, W. J. Matthews delivered an address on "Single Tax." President Gage read a letter from P. J. Kaufman, Secretary of the Washington State Bankers' Association, urging the chapter members to enter the essay contest conducted by the State Association each year. The subject of the essay is "Will the adoption of the Glass-Owen Currency Bill, known as the Federal Reserve Act, benefit the general banking and business interest of the Nation?" A number of men are already preparing to enter the contest. Several excellent vocal selections were rendered by Mrs. Charles A. Ham, one of the leading soloists of our city.

The many friends of J. W. Bradley will be interested and pleased to learn that he was recently elected assistant cashier of the Old National Bank. Mr. Bradley has been with the Old National about seven years, and is one of our chapter's charter members, having served the chapter in various official capacities since its organization. He also represented the Spokane Chapter at the Chattanooga, Rochester and Salt Lake City conventions. At the Rochester convention, he was elected National Vice-President, serving during 1911-1912. We feel that Spokane Chapter's past success has been due in a great measure to Mr. Bradley's conscientious efforts in our Institute work and it gives us great pleasure to chronicle this promotion and extend heartiest congratulations.

## SYRACUSE.

By J. J. Hughes.

**T**HE following members of Syracuse Chapter are to be congratulated for passing the Institute examination in Law: Millard R. Ames, Roy E. Ashpole, Wm. A. Boyd, John G. Bryant, John M. Egan, Clifford W. Fowler, S. Howard Fyler, Fred L. H. Holzer, Ernest R. Mulcock, Leland W. Palmer, Robert B. Porter, Arthur A. White, Alfred L. Wise, Earl A. Van Deventer. The program for the coming season offers a very interesting series of lectures on Practical Banking.

## WASHINGTON.

By Frank V. Grayson.

THE Banquet Committee, under the able leadership of A. S. Carter of Hibbs & Co., as its Chairman, are extremely busy just now marshaling their forces for the Annual Banquet which occurs on Saturday evening February 21st at the Raleigh Hotel. President Devereux and Chairman Carter assure us that a new departure for banquets held by this chapter has been undertaken for this year in that we are to have more fun and not quite so much speaking, although this part of the entertainment will be well taken care of by several well known speakers of ability including the President of the Institute, Mr. Dreher. Col. Robert N. Harper, President of the District National Bank, has graciously consented to act as Toastmaster and has entered into the spirit of the new movement being brought out by those in charge. No member of this chapter can afford to miss the banquet as it affords the members the opportunity to meet and greet our fellow-workers in the banking business in Washington and also some of the best men from other cities, as plans are being formulated to take care of members from Baltimore, Philadelphia, New York, Boston, Richmond and several other cities over Sunday and make them feel at home, and we understand Baltimore Chapter has extended an invitation to visiting members to be their guests on Monday, their banquet being held that night. So you can readily see that a royal good time is ahead for everybody.

## DOCUMENTS FOR DISTRIBUTION.

THE Association has on hand a quantity of printed matter. The list comprises the following documents, any of which will be sent to our members on notifying the office:

## Bills of Lading.

New Uniform Bills of Lading.

## Currency.

Report of the Currency Commission of the American Bankers Association, 1907.

Report of Currency Commission of American Bankers Association, made at a meeting held at Chicago, Saturday, January 18, 1908.

Statement of Currency Commission of American Bankers Association presented to House Committee on Banking and Currency, at Washington, D. C., Wednesday, April 15, 1908.

Credit Currency. By Elmer H. Youngman, Editor "Bankers' Magazine."

Report of Committee on Banking and Currency on the "Issue and Redemption of National Bank Guaranteed Credit Notes," Fifty-ninth Congress, Second Session, 1906-7.

## Miscellaneous.

Guaranty of National Bank Deposits. By James B. Forgan, President First National Bank, Chicago, Ill., before the annual meeting of Group Two of the Bankers' Association of the State of Illinois, held at Peoria, June 11, 1908.

General form of Articles of Association to be used in the organization of Clearing House Associations in the smaller cities and towns.

President Devereux will in the near future take a flying trip to several of our nearby chapters to greet the officers and talk over the work being accomplished by the different chapters and will be better able to judge what is being accomplished by our own chapter in the way of education.

## WHEELING.

By William England.

ON December 16, 1913, Wheeling Chapter held its regular monthly business meeting. On account of this being election night very little other business was taken up.

The following officers were elected for 1914: Robert Lee Boyd, President; Harold S. Martin, Vice-President; Henry Beneke, Treasurer; William W. England, Secretary; H. E. Kohnlein, W. C. Steber, Members Executive Committee.

The above officers will hold their first meeting January 27th to organize and take up important matters concerning the coming year.

Our Chapter had the pleasure of hearing from M. A. Kendall, of Farmers Deposit National Bank, Pittsburg, Pa., speak on the Federal Reserve Act on January 20th, at the New Market Auditorium. The meeting was quite a success as we had a crowded house, and one and all were satisfied that it was an evening well spent.

Report of Special Committee, Trust Company Section, September 13, 1904, on the Classification of Legal Decisions relating to Safe Deposit Companies, Rules and Forms.

Address by Jordan J. Rollins before the Trust Company Section, September 14, 1905, on "The Protection of Trust Companies Acting as Transfer Agents and Registrars.

Forgan, J. B., "Clearing House Examinations by Clearing House Examiners."

## PUBLICITY POINTER.

IT has been suggested that the little brown book entitled "Talks on Thrift Containing Publicity Pointers for Banks" would be good advertising to put out in the name of any bank desiring to build up its savings department. Therefore, in reply to inquiries we are enabled to state that this book can be supplied with any bank's name substituted for that of the Association on front and back covers, at the following prices, which are the printer's prices to us: 1,000 copies, \$100; 2,000 copies, \$140; 3,000 copies, \$185. Expressage to be paid by purchaser. All orders will receive prompt attention from E. G. McWilliam, Secretary Savings Bank Section, 5 Nassau Street, New York City.

## LITTLE TABLE IN THE HALL.

LITTLE table in the hall,  
How I dread to look your way!  
On your polished surface small  
Rest the duns I cannot pay.

Little table near the door  
As I enter from the street,  
You are loaded up once more  
With the debts I cannot meet.

Little table, I declare,  
You it is that pleasure kills.  
All the mail for me you bear,  
And I know it's only bills.

—Detroit Free Press.

## CHANGES AFFECTING MEMBERSHIP REPORTED DURING JANUARY, 1914.

The membership of the Association is now over 14,000. There are frequent changes which come about through consolidations, mergers, liquidations, etc. The General Secretary of the Association would appreciate receiving from our members notice of any changes which occur, for the purpose of keeping our membership list correct and giving publicity through the columns of this Journal.

Arkansas .....	Argenta .....	Merchants & Mechanics Bank in liquidation.
California .....	Oakland .....	West Oakland Bank & Trust Company changed to West Oakland Bank.
Florida .....	Jacksonville .....	Fourth National Bank absorbed by Atlantic National Bank.
Georgia .....	Augusta .....	The Irish-American Bank in hands of State Bank Examiner.
Louisiana .....	Vacherie .....	Bank of Vacherie in hands of State Banking Department.
Maryland .....	Baltimore .....	National City Bank merged with First National Bank.
	" .....	Whelan, Duer & Lanahan membership transferred to W. W. Lanahan & Company.
Michigan .....	Detroit .....	Detroit United Bank changed to The United Savings Bank of Detroit.
	Gobleville .....	Gobleville Exchange Bank in liquidation.
Mississippi .....	Brookhaven .....	Commercial Bank & Trust Company closed.
	Poplarville .....	Bank of Poplarville consolidated with Citizens Bank as Bank of Commerce.
Missouri .....	St. Louis .....	D. Arthur Bowman & Company succeeded by Bowman, Cost & Company.
Montana .....	Big Timber .....	Big Timber National Bank succeeded by Commercial Bank & Trust Company.
Nebraska .....	Omaha .....	City Trust & Safe Deposit Company changed to City Trust Company.
	Superior .....	First National Bank closed.
New Jersey.....	Bayonne .....	First National Bank in hands of receiver.
New York .....	New York .....	Hugo Lederer's Banking House changed to Lederer's Banking House.
	" .....	National Reserve Bank taken over by Mutual Alliance Trust Company and will be operated as a branch.
	" .....	Washington Trust Company taken over by Corn Exchange Bank as Corn Exchange Bank, Washington Branch.
Oklahoma .....	Bixby .....	Bank of Bixby changed to First National Bank.
Tennessee .....	Jackson .....	Union Bank & Trust Company succeeded by Mercantile-Union Trust Company.

# JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

Texas .....Campbell .....Campbell National Bank succeeded by Campbell National Exchange Bank.

Utah .....Midvale .....Jordan State Bank consolidated with Peoples State Bank as Midvale State Bank.

Washington .....Aberdeen .....United States National Bank succeeded by United States Trust Company.

Seattle .....W. F. Paull, Banker, succeeded by West Seattle State Bank.

## NEW MEMBERS FROM JANUARY 1 TO 31, 1914, INCLUSIVE.

Alabama .....Pell City .....McLane Tilton, Jr., Secretary Alabama Bankers' Association.

Arizona .....Parker .....Parker Bank & Trust Co.

Prescott .....Morris Goldwater, Secretary Arizona Bankers' Association.

Arkansas .....Little Rock .....Robert E. Wait, Secretary Arkansas Bankers' Association.

California .....Livingston .....First Bank of Livingston.

Connecticut .....South Norwalk .....Charles E. Hoyt, Secretary Connecticut Bankers' Association.

District of Columbia .....Washington .....John Poole, Secretary Bankers' Association of the District of Columbia.

Florida .....Jacksonville .....United States Trust & Savings Bank.

" .....G. R. DeSaussure, Secretary Florida Bankers' Association.

St. Petersburg .....Florida Bank & Trust Co.

Georgia .....Atlanta .....Empire State Bank.

" .....Haynes McFadden, Secretary Georgia Bankers' Association.

Columbus .....Muscogee Bank.

Illinois .....Chicago .....Immel & Sons Bank.

" .....Madison & Kedzie State Bank.

" .....R. L. Crampton, Secretary Illinois Bankers' Association.

" .....Kean, Taylor & Co.

Park Ridge .....Park Ridge State Bank.

Indiana .....Indianapolis .....Andrew Smith, Secretary Indiana Bankers' Association.

Iowa .....Des Moines .....P. W. Hall, Secretary Iowa Bankers' Association.

# INCLUDING BULLETIN OF THE AMERICAN INSTITUTE OF BANKING

Kansas	Greenleaf	Farmers' & Merchants State Bank.
	Marysville	Citizens State Bank.
	Miltonvale	The State Bank.
	Richmond	Peoples State Bank.
	Topeka	W. W. Bowman, Secretary Kansas Bankers' Association.
Kentucky	Louisville	Arch B. Davis, Secretary Kentucky Bankers' Association.
Louisiana	Madisonville	Madisonville Bank.
Maine	Lewiston	First National Bank.
Maryland	Baltimore	T. A. Whelan, Jr. & Co.
Massachusetts	Boston	E. W. Clark & Co.
	"	George W. Hyde, Secretary Massachusetts Bankers' Association.
Michigan	Belding	Peoples Savings Bank.
	Gaylord	Otsego County Bank.
	Manchester	Union Savings Bank.
Minnesota	Minneapolis	G. H. Richards, Secretary Minnesota Bankers' Association.
Missouri	Sedalia	W. F. Keyser, Secretary Missouri Bankers' Association.
Montana	Butte	Banking Corporation of Montana.
	Missoula	Banking Corporation of Montana.
Nebraska	Concord	Concord State Bank.
	Creighton	Creighton National Bank.
	Dakota	Bank of Dakota City.
	Omaha	William B. Hughes, Secretary Nebraska Bankers' Association.
Nevada	Reno	J. W. Davey, Secretary Nevada Bankers' Association.
New Hampshire	Groveton	Coos County National Bank.
New Jersey	Jersey City	William J. Field, Secretary New Jersey Bankers' Association.
New Mexico	Raton	J. C. Christensen, Secretary New Mexico Bankers' Association.
New York	Livingston Manor	Livingston Manor National Bank.
	New York	William J. Henry, Secretary New York State Bankers' Association.
	New York, Brooklyn	Nassau Trust Co., Branch.
	Ontario	State Bank of Ontario.
North Carolina	Henderson	Wm. A. Hunt, Secretary North Carolina Bankers' Association.

# JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

North Dakota .....	Clyde .....	Clyde State Bank.
	Fargo .....	William C. Macfadden, Secretary North Dakota Bankers' Association.
Ohio .....	Cleveland .....	Bankers Mortgage & Trust Co.
	Columbus .....	S. B. Rankin, Secretary Ohio Bankers' Association.
	Steubenville .....	Morelli & Co., Bankers.
Oklahoma .....	Heavener .....	State National Bank.
	Oklahoma City .....	W. B. Harrison, Secretary Oklahoma Bankers' Association.
Pennsylvania .....	Chambersburg .....	National Bank of Chambersburg.
	Glenside .....	Glenside National Bank.
South Carolina .....	Anderson .....	Lee G. Holleman, Secretary South Carolina Bankers' Association.
South Dakota .....	Alexandria .....	Security National Bank.
	Arlington .....	Citizens State Bank.
	Clark .....	J. E. Platt, Secretary South Dakota Bankers' Association.
	Colome .....	Bi-Metallic Bank.
	Emery .....	Farmers Bank of Emery.
	Harrold .....	First State Bank.
	Midland .....	Midland State Bank.
	Rockham .....	Farmers State Bank.
Tennessee .....	Nashville .....	F. M. Mayfield, Secretary Tennessee Bankers' Association.
Texas .....	Galveston .....	J. W. Hoopes, Secretary Texas Bankers' Association.
	Marshall .....	Guaranty State & Savings Bank.
	Palmer .....	First Guaranty State Bank.
	Sabinal .....	Sabinal National Bank.
	San Angelo .....	San Angelo Bank & Trust Co.
	San Antonio .....	Citizens Bank & Trust Co.
	Talpa .....	First State Bank.
	Waelder .....	Waelder State Bank.
Virginia .....	Farmville .....	Walker Scott, Secretary Virginia Bankers' Association.
Washington .....	Enumclaw .....	People's State Bank.
	Tacoma .....	P. C. Kauffman, Secretary Washington Bankers' Association.
West Virginia .....	Charleston .....	J. S. Hill, Secretary West Virginia Bankers' Association.



# JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

North Dakota	Clyde	Clyde State Bank.
	Fargo	William C. Macfadden, Secretary North Dakota Bankers' Association.
Ohio	Cleveland	Bankers Mortgage & Trust Co.
	Columbus	S. B. Rankin, Secretary Ohio Bankers' Association.
	Steubenville	Morelli & Co., Bankers.
Oklahoma	Heavener	State National Bank.
	Oklahoma City	W. B. Harrison, Secretary Oklahoma Bankers' Association.
Pennsylvania	Chambersburg	National Bank of Chambersburg.
	Glenside	Glenside National Bank.
South Carolina	Anderson	Lee G. Holleman, Secretary South Carolina Bankers' Association.
South Dakota	Alexandria	Security National Bank.
	Arlington	Citizens State Bank.
	Clark	J. E. Platt, Secretary South Dakota Bankers' Association.
	Colome	Bi-Metallic Bank.
	Emery	Farmers Bank of Emery.
	Harrold	First State Bank.
	Midland	Midland State Bank.
	Rockham	Farmers State Bank.
Tennessee	Nashville	F. M. Mayfield, Secretary Tennessee Bankers' Association.
Texas	Galveston	J. W. Hoopes, Secretary Texas Bankers' Association.
	Marshall	Guaranty State & Savings Bank.
	Palmer	First Guaranty State Bank.
	Sabinal	Sabinal National Bank.
	San Angelo	San Angelo Bank & Trust Co.
	San Antonio	Citizens Bank & Trust Co.
	Talpa	First State Bank.
	Waelder	Waelder State Bank.
Virginia	Farmville	Walker Scott, Secretary Virginia Bankers' Association.
Washington	Enumclaw	People's State Bank.
	Tacoma	P. C. Kauffman, Secretary Washington Bankers' Association.
West Virginia	Charleston	J. S. Hill, Secretary West Virginia Bankers' Association.

# American Institute of Banking

---

## Correspondence Instruction

**I**NSTRUCTION BY CORRESPONDENCE is in some ways the most efficient form of education, and is particularly well adapted to the Institute course of study in practical banking and such principles of law and economics as pertain to the banking business. In correspondence instruction, as conducted by the Institute, each student is supplied with the serial lesson pamphlets and collateral exercises which constitute the Institute study course. The exercises in connection with each lesson are to be submitted to instructors whenever done. The work of students thus produced is corrected and returned with such criticism and suggestions as may be helpful in each case. Average students get little benefit from books alone. What most of them need is a teacher to direct and encourage them. The usefulness of a teacher is not so much to impart specific information as to stimulate the ambition and interest of students and to systematize and verify their work. The correspondence method of study lacks the inspiration of social contact, but the personal relationship established between students and instructors stimulates ambition, and the fact that all lessons must be written insures thought and thoroughness. So far as actual acquirement of knowledge is concerned the advantages of the correspondence method of instruction fully offset its disadvantages. The cost of correspondence instruction thus provided to individual students who are Chapter members or employees of banking institutions that are members of the American Bankers Association, including lesson pamphlets and all serial as well as final examinations, is \$10 for Part I pertaining to banking and \$10 for Part II pertaining to law. Payments for each of the two parts may be made separately.

### Specimen Lessons on Application

---

**American Institute of Banking**

**5 Nassau Street**

**New York City**



THE TROW PRESS, NEW YORK

